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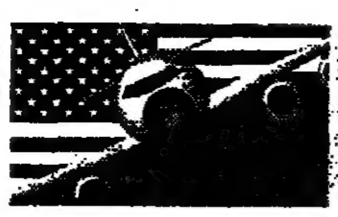

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FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY MARCH 30 1993 — D8523A

Provisions take Crédit Lyonnais to FFr1.85bn loss

Crédit Lyonnais, one of France's largest state-controlled banks, fell into the red last year with a net loss of FFr1.85bn ($350m). This followed a steep increase in net provisions from FFr9.6bn in 1991 to FFr14.89bn in 1992 due to heavy losses on its cinema and property interests.

The loss, the fourth in the bank's history and the first since 1974, comes at an extremely delicate time for Crédit Lyonnais which is a candidate for privatisation by France's new conservative government.

It also poses a threat to Mr Jean-Yves Haberer, chairman since 1988 and architect of Crédit Lyonnais' ambitious lending strategy. Page 23; Lex, Page 22

Bosnia Serbs pressed over peace: Defence ministers of Nato and the Commonwealth of Independent States urged Bosnian Serbs to sign an international peace plan to end the war in Bosnia which has been signed by the Croats and Moslems. The US said it might send troops to enforce the agreement. Page 4

Japanese leader bailed: After three weeks of detention, Shin Kanemaru, fallen "godfather" of Japanese politics, went home after mustering Y300m ($2.5m) in bail, a record figure for a politician facing trial in Japan. Page 22; Japanese groups' capital spending likely to fall 4%, Page 6

Iran accused of destabilising Egypt: President Hosni Mubarak of Egypt (left) made his most explicit accusation that Iran is attempting to destabilise his government by sponsoring recent bombings and attacks on tourist targets in the country. Page 22; Mubarak urges Middle East to jump aboard last peace train, Page 6

US may end Medicaid: The Clinton administration is considering phasing out the Medicaid healthcare programme for the poor under a wide-ranging series of reforms designed to make the system fairer and more cost-efficient. Page 7

Euro Disney nears visitor target: Euro Disney said it had come close to achieving its first-year target of 11m visitors to its theme park, but that hotel occupancy and spending per head were still below expectations. The company still expects to make a loss this year, having made a pre-tax loss of FFr339m ($60.3m) in the year to September 30 1992. Page 23

Irish power link proposed: The UK's National Grid and the Republic of Ireland's Electricity Supply Board has proposed a £300m ($426m) 600MW undersea cable to connect the Irish grid to the rest of Europe, also providing an export opportunity for UK coal-fired power stations. Page 12; Power industry agrees five-year coal deal, Page 12

EC members shy from television: The European Community's much-publicised decision to open up decision-making to greater public scrutiny is being blocked by several states. Page 4

Pearson in talks with Thames: Pearson, the media, banking and industrial group which owns the Financial Times, has had exploratory talks with Thorn EMI to buy Thames Television, the independent production company that lost its ITV franchise last year. Page 23; Results, Page 31

Codan, the Danish insurer controlled by the UK's Sun Alliance, acquired the insurance and financial service operation of Hafnia, whose parent company went into receivership in August. Page 23

World Bank quits Indian dam scheme: The World Bank is almost certain to pull out of a half-finished $3bn scheme to dam the Narmada River in north-western India, but the Indian authorities are likely to press ahead with the project. Page 6

Hopes of Latin American debt accords: Most of the countries in Latin America without debt relief accords with creditor banks could secure agreements by the end of the year, according to bankers at the InterAmerican Development Bank annual meeting in Hamburg. Page 7

US warns Kenya on aid: The US awarded Kenya $9.17m for development aid but said it would withhold much-needed balance of payments support until it enacted long-promised reforms.

■ STOCK MARKET INDICES		
FT-SE 100:	2848.5	(-8.4)
Yield	4.27	
FT-SE Eurotrack 100	1148.76	(+1.45)
FT-A All-Share	1394.92	(-0.2%)
Nikkei	19,048.38	(+259.68)
New York lunchtime		
Dow Jones Ind Ave	3462.46	(+22.42)
S&P Composite	450.77	(+2.98)
■ US LUNCHTIME RATES		
Federal Funds:	3⅛%	
3-mo Treas Bills: Yld	2.992%	
Long Bond	102⅜	
Yield	6.925%	
■ LONDON MONEY		
3-mo Interbank	6%	(6⅛%)
Liffe long gilt future:	Jun 105⅜	(Jun 105⅛)
■ NORTH SEA OIL (Argus)		
Brent 15-day (May)	$18.84	(18.75)
■ Gold		
New York Comex	$331.8	(332.5)
London	$331.85	(332.45)

■ STERLING		
New York lunchtime:		
$	1.49	
London:		
$	1.488	(Same)
DM	2.4275	(2.43)
FFr	8.236	(8.2725)
SFr	2.2475	(2.25)
Y	174.25	(173.5)
£ Index	78.3	(Same)
■ DOLLAR		
New York lunchtime:		
DM	1.629	
FFr	5.517	
SFr	1.506	
Y	116.75	
London:		
DM	1.628	(1.6305)
FFr	5.5225	(5.5475)
SFr	1.5075	(1.5065)
Y	116.80	(116.35)
$ Index	65.9	(65.7)
Tokyo close Y 116.88		

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft192	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	IKr160	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lv25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	Kcs45		
Cyprus	C£1.00	Indonesia	Rp3300	Nigeria	Naira25	Spain	Pta200		
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr16.00	Sweden	SKr15		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00		
Finland	FM12	Korea	Won 2500	Philippines	Pes45	Thailand	Bht50		
France	FFr8.50	Kuwait	Fils600	Poland	Zl 22,000	Tunisia	Din1.250		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Esc215	Turkey	L7000		
						UAE	Dh11.00		

Russian congress fails to resolve constitutional crisis

By John Lloyd and Leyla Boulton in Moscow

RUSSIA was braced last night for a prolonged constitutional crisis as the ninth Congress of People's Deputies ended with no resolution of the power struggle between president and parliament.

The parliament's last act was to pass a resolution calling for a referendum on April 25 – the date originally set by President Boris Yeltsin but on terms he is unlikely to accept. Mr Vyacheslav Kostikov, his press secretary, said Mr Yeltsin would be likely to conduct his own poll of voters, separate from the referendum proposed by the Congress.

Mr Kostikov's comments, together with his earlier attack on parliament as a lawless body and other statements by presidential aides in the last three days, point to a resolve by Mr Yeltsin's team to ignore parliament's decisions. One adviser said last night that the president had no choice "but to carry out his own ballot with his own questions".

The Congress resolution would put four questions on the voting paper: the issue of trust in the president; the acceptability of the economic reforms Mr Yeltsin has introduced; whether early presidential elections should be held; and whether early elections should be held for parliament.

The sting lay in the high participation qualification introduced by the Congress. Instead of the normal condition that at least 50 per cent of the electorate take part in a referendum, the deputies laid down that at least 50 per cent of the electorate must vote one way or the other before any decision is accepted. This would be an all but impossible level to achieve, especially given the political apathy in the country.

The main result of the Congress has been to obscure further the decision-making process. Earlier yesterday the deputies passed a resolution calling for Mr Yeltsin's decree allowing him to rule without challenge from parliament to be referred to the Constitutional Court. They also called for his aides and representatives in the regions to be sacked.

This followed a resolution on Sunday putting television and radio stations under parliament's control. Mr Vyacheslav Bragin, chairman of the main Ostankino TV station, said this would be challenged in the Constitutional Court. Mr Yeltsin has said he will refer to court the attempt by Congress to impeach him.

In remarks intended to show Congress's determination to act as the bulwark of democracy, Mr Ruslan Khasbulatov, the speaker, closed the session by saying that "if the plan of the president's team had succeeded, we would have gone back to the worst of times of totalitarianism, the splitting of society and maybe civil war. For the first time in Russia

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Yeltsin risks support, Page 3

Kantor imposes three-week deadline to settle procurement row

US suspends threat of sanctions against EC

By David Dodwell, David Gardner and Andrew Hill in Brussels

THE US yesterday withdrew the immediate threat of trade sanctions against the European Community in its row over EC public purchasing policies. The decision followed a three-hour meeting in Brussels between senior trade negotiators.

Sir Leon Brittan, the EC trade commissioner, said after the talks that the two sides would aim to settle differences by the time he next meets Mr Mickey Kantor, his US counterpart, in Washington on April 19. If agreement is not reached by then, both sides will be "free to act as we wish".

The Community has outlined a package of new proposals on public procurement, which Sir Leon said met EC concerns about the US market and vice versa. The two said they had agreed not to reveal details of the package.

At the end of what appeared to have been difficult talks, Mr Kantor insisted he was "neither an optimist, nor a pessimist, but a realist" over the prospect of averting the clash on EC procurement rules. "On first reading, there is not complete agreement. Some of it may not be in our interest. We have work to do."

He said he was "pleased that a constructive proposal was put on the table," but added: "We may not be able to reach an agreement."

An EC official expressed satisfaction that the immediate prospect of conflict had been averted, noting that this would have complicated negotiations both on procurement and on wider international negotiations on trade reform under the Uruguay Round. He nevertheless conceded that the April 19-20 deadline for agreement would create intense pressure on negotiators.

Mr Kantor said later: "If we can't make this happen within three weeks, I would be very pessimistic about being able to go beyond that."

At the heart of the dispute is US anger at a new EC Utilities Directive, which opens up the EC procurement market to foreign bidders, but allows EC authorities to favour EC bidders so long as they are no more than 3 per cent more expensive than foreign competitors.

Sir Leon said yesterday he had agreed to make preparations to dismantle the offending article giving preference to EC bidders, so that it could be removed rapidly in the event of agreement on April 19. He said the EC proposals were "recognised by the US as being promising, but require a considerable degree of further exploration and discussion."

EC negotiators remain adamant that the US must remove discrimination in the way US state and municipal governments award procurement contracts if the EC's 3 per cent preference is to be discarded. Mr Kantor said yesterday that mere amendment of the offending article would be unacceptable, and added that the US was certain to make counter-proposals to the EC package.

As a measure of the gulf still to be bridged by negotiators, Mr Kantor later insisted that the Buy America Act "has had no effect on European suppliers".

On wider bilateral trade negotiations, Mr Kantor said the EC and the US had discussed tariff cuts that would be "much larger than has been discussed in the past, both in terms of the sectors and in terms of the reductions of tariffs involved". It is understood the US has been pressing for the complete removal of tariffs from a range of manufactured goods.

On the long-stalled Uruguay Round, Sir Leon said the EC and the US plan to meet leading trade partners in mid-May, starting with Japan and Canada.

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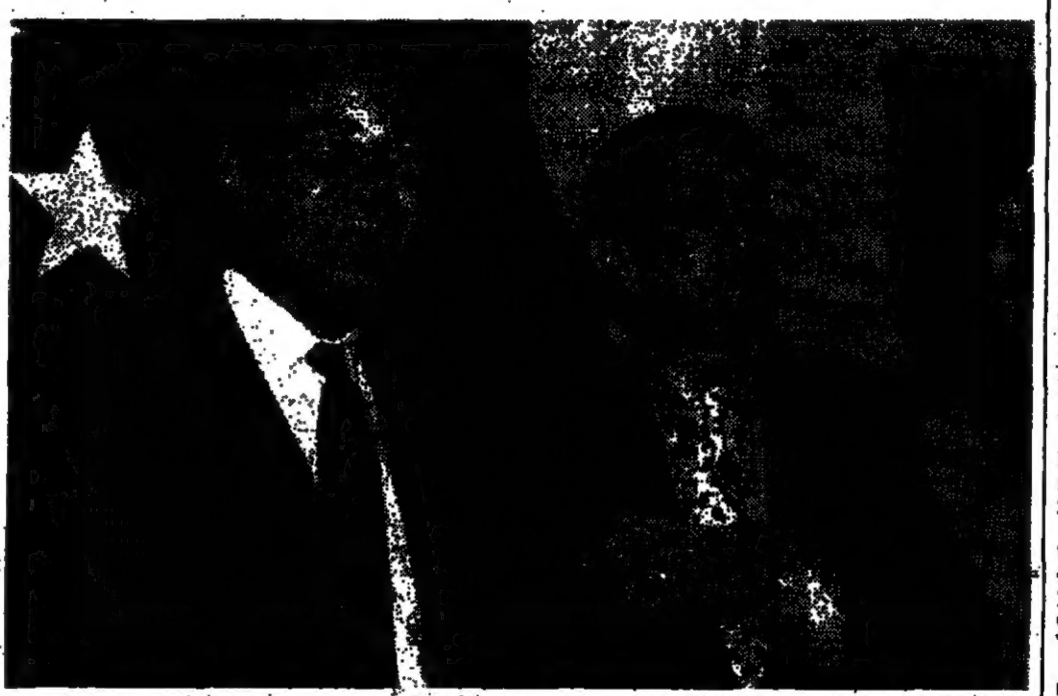

EC trade commissioner Sir Leon Brittan (left) and US trade representative Mickey Kantor after their talks

Balladur named as new French prime minister

By David Buchan in Paris

PRESIDENT François Mitterrand last night named Mr Edouard Balladur as France's new prime minister after the centre-right swept the Socialists out of power by winning 484 of the 577 seats in the new parliament.

Earlier in the day, Mr Pierre Bérégovoy, prime minister under the Socialists, handed in his resignation.

Mr Mitterrand said he had chosen Mr Balladur, a former Gaullist finance minister, "not only because he is the most suitable to bring together the different components of the new [government] majority, but also because of his competence".

The president said he hoped Mr Balladur, the widely predicted favourite, would form a government as soon as possible.

Mr Mitterrand started his brief television address by telling his countrymen that "by your vote, you have clearly marked your desire for a new policy", adding: "I will scrupulously respect this."

However, the 76-year-old president – whose term runs until 1995 if his health permits – signalled that he intended to exercise his constitutional right to influence foreign and defence policy.

He underlined the importance to France of European integration, the implementation of the Maastricht treaty and the linking of the franc to the D-Mark as a step to European monetary union.

The president has a free hand in selecting the prime minister. But in view of the landslide victory for RPR Gaullists and centre-right UDF parties, he was considered to have little choice but to fall in with their preference for Mr Balladur, an RPR finance minister in the last conservative government.

The odds on Mr Balladur getting the top government job had shortened further yesterday when he won endorsement from the UDF. Its leader, Mr Valéry Giscard d'Estaing, said that, after the RPR had outdistanced his party by winning 247 seats against 213 for the UDF, it was natural that the premiership

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Final results

PARTIES	SEATS
RIGHT	
RPR (Gaullists)	247
UDF (centre-right)	213
Other right	24
National Front	0
	484
LEFT	
Socialist party	54
Communist party	23
Left Radicals	6
Other left	10
	93

Source: Interior Ministry/Reuter

Italian mini-budget likely to deal with deficit overrun

By Robert Graham in Rome and James Blitz in London

THE ITALIAN government is expected to announce within the next few days details of a mini-budget raising L13,000bn ($8.1bn) to correct an expected overrun in the L150,000bn budget deficit projected for 1993.

At the same time the government has taken the unprecedented decision to present the 1994 budget by this July. This could clear the way for an early election in the autumn. The annual budget is normally submitted at the end of September thus complicating any electoral calender in the autumn.

Concern about the rise in the budget deficit, coupled with political uncertainties in the wake of the latest developments in the corruption scandals affecting former premier Mr Giulio Andreotti, weakened the lira yesterday. It closed at an historic low against the D-Mark of L987.6, some L11.5 down on the day. Dealers said the Bank of Italy intervened on currency markets to buy the currency, which ended above its worst for the day of L991.5. Italian government bonds also came under pressure.

Economic developments, combined with the resignation from the Christian Democratic party of Mr Mario Segni, leader of the Referendum Movement, appeared likely to lead to to an early change of government.

President Oscar Luigi Scalfaro has called a meeting with the leaders of the Senate and Chamber of Deputies today. He is expected to explore the possibility of finding broader parliamentary support before April 18, the date set for referendums on constitutional change.

Treasury officials said they recognised the markets were nervous, but insisted market sentiment was being driven by the country's political upheavals.

Among the corrective measures proposed are an increase in VAT on second homes, higher duties on the resale of used cars and advance payments of the tax on the use of gas, as well as further spending cuts.

The government has been forced to act quickly because it has undertaken with the EC to comply with its original budget in order to receive an Ecu8bn ($9.52bn) loan. The first tranche of this has already been drawn down. The agreement with the EC locks the Italian authorities into a straitjacket of tough fiscal measures.

The recession has led to a shortfall in receipts projected at L14,500bn. Spending has risen because of higher social security and unemployment costs of L11,000bn. No income has come from privatisations yet and the L7,000bn anticipated under this heading has been questioned by bankers and businessmen.

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Delors is victor in Socialist defeat

By Alice Rawsthorn in Paris

MR Jacques Delors has always claimed that his main advantage over his rivals in French politics is that, as president of the European Commission in Brussels, he has the bonus of distance from the domestic fray.

This theory was certainly borne out by the results of the French parliamentary elections in which the Socialist party suffered devastating defeat and Mr Delors benefited from a sudden surge in the opinion polls as the favourite Socialist candidate for the 1995 presidential poll.

The Socialist party, dogged by a barrage of gloomy economic news and string of scandals, had long been resigned to losing the election. However, the result was not only worse than they had expected, but dealt serious damage to their hopes of relaunching the French left in a "big bang" alliance of the Socialist party and ecologists mooted by Mr Michel Rocard, former prime minister and one of Mr Delors' chief competitors for the presidential ticket.

When Mr Rocard floated his "big bang" proposals in February, the Socialist party and ecologists commanded enough support to stand a reasonable chance of ousting the right. The ecologists have since lost ground and did not win a single seat in Sunday's vote.

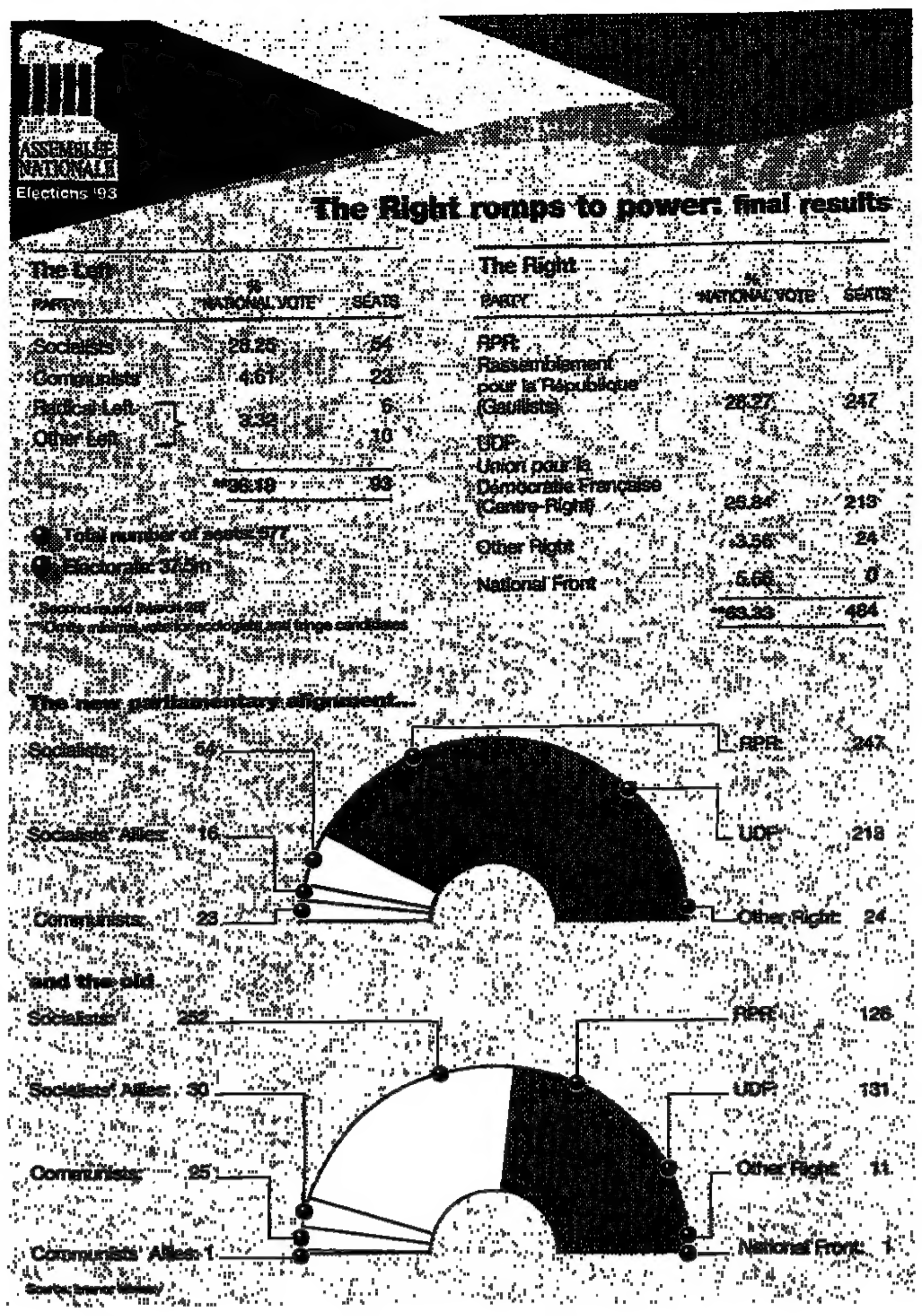
The Socialists emerged with just 54 seats, against 252 in the last parliament. This means that, if it was not for the support of the motley assortment of allies who won 16 seats, the Socialist camp would not even have the minimum 58 seats needed to table motions of censure against the conservative government.

Moreover, Mr Rocard lost his seat at Conflans-Sainte-Honorine outside Paris, thereby imperilling his hopes, not only of implementing the "big bang" but also of running for president.

Mr Laurent Fabius, the other presidential hopeful, is handicapped by his role as first secretary of the Socialist party and by his closeness to the increasingly isolated President François Mitterrand.

This leaves Mr Delors to watch from the sidelines in Brussels, more appreciative than ever of his "bonus".

French majority is opposition too



By David Buchan in Paris

SO LARGE is France's conservative majority that it threatens to provide the country with both its government and its effective opposition.

That is the private fear behind the public calls for unity-in-victory by Mr Jacques Chirac and Mr Valéry Giscard d'Estaing, respectively the leaders of the RPR Gaullists and centre-right UDF.

Mathematically, the conservative majority can withstand some centrifugal tendences without endangering the new government's life. The RPR now has 247 seats, the UDF 213 and there are 24 independent right-wingers in the National Assembly. Some of the latter will join one or other group. The National Front's loss of its one deputy removes the only potential thorn in the government's right flank from outside.

In all, the centre-right will have 484 deputies nominally in its camp when the new parliament opens on Friday, nearly 200 more than it needs for an absolute majority.

That is precisely the problem. There is no prospect of a parliamentary defeat to keep the majority in line, while there is no shortage of issues on which it can divide – uncomfortably high interest rates, unpalatable spending cuts, policy on Europe, and even the position of President François Mitterrand himself.

The factiousness is greatest inside the UDF, which for convenience is usually described as a single party when it is in fact a federation of five parties. Sunday's vote was a sweet and sour experience for Mr Giscard d'Estaing. Sweet, because never before had the UDF gone over the 200-seat mark in its 15-year history. Sour, because the RPR did even better, thereby dashing Mr Giscard d'Estaing's openly-expressed hope that the UDF would match the RPR and so shake the latter's image as the senior partner in French conservative politics.

If the UDF had beaten the RPR in seats and provided the new prime minister from within its ranks, the perquisites of power would have probably been enough to weld it into a single parliamentary party.

As it is, Mr Giscard d'Estaing yesterday reluctantly had to endorse Mr Edouard Balladur, the RPR dauphin, as the natural candidate for prime minister. Today the UDF leader faces the difficult task of trying to persuade the disparate factions which make up the federation's 213 new deputies to function as one group in the Palais Bourbon, the classical structure which houses the national assembly.

In the last parliament, the CDS centrists had their own whip and operated as a separate group. Now that they have gained an extra 10 seats, pushing their strength up to 60, it will be hard to dissuade the CDS to abandon its relative autonomy. If the CDS stays separate, the UDF's largest member, the Republican party – which has seen its strength nearly double from 58 to 106 deputies – may also break away.

But on key economic and foreign issues, the RPR has deeper policy fissures than the UDF, even though administratively it functions as a single machine.

The mischievous Mr Philippe Séguin, one of the leading Gaullist campaigners against Maastricht, underlined this yesterday, saying he planned to "contribute as much as possible to the diversity" of the new government majority. So, the new majority may prove a more effective opposition to its own government than the much-depleted Socialists.

Balladur must try to please three masters

By William Dawkins in Paris

MR Edouard Balladur, likely to be chosen as France's new prime minister, faces a delicate balancing act.

His first job will be to choose a ministerial team that gives fair division of spoils between his own Gaullist RPR, the larger member of the ruling coalition, and the centre-right UDF.

Here he will have to satisfy both party chiefs as well as the Socialist president, Mr François Mitterrand. He interfered closely with the selection of ministers in the previous right-wing government, and will probably do so again.

That done, much of Mr Balladur's time will be devoted to keeping discipline in the RPR, whose internal splits on the European Community and monetary union are likely to open again now that the election is over.

President Mitterrand chose Mr Balladur, 63, partly for his qualifications as the man who drew up the policy of delicate *cohabitation* followed by the 1986-1988 right-wing government, in which he was finance minister. The fact that recent polls made him the most popular prime ministerial candidate by a long way, also counts.

For the right, he is a suitable candidate because he has no presidential ambitions, so leaving that field clear for the RPR's leader Mr Jacques Chirac and Mr Valéry Giscard d'Estaing, leader of the UDF. Mr Mitterrand found him acceptable because of Mr Balladur's reputation for good manners, because he does not want to lever Mr Mitterrand out of the Elysée – unlike Mr Chirac – and because he is pro-European, a key criterion laid down by Mr Mitterrand.

Does Mr Balladur have the qualities needed to steer this tricky course? He is a moderate, pragmatic Gaullist, in line with his mentor, former president Georges Pompidou, and so will avoid dogmatic battles. Another strong point is the authority he gains as the mastermind of the last right-wing government's privatisation programme, one of its few successes. Mr Balladur promises another round of state sell offs.

Balladur leaving his Paris headquarters with an aide yesterday

Chirac gambles on leading from behind

Alice Rawsthorn reports on the RPR leader's latest move in a strategy for winning the presidency in 1995

THE smile says it all. Try as he might to adopt the insouciant air of a potential president, Mr Jacques Chirac yesterday failed dismally to disguise his glee at the conservatives' success in Sunday's elections.

Mr Chirac, 60, has every reason to be gleeful. Not only has the conservative coalition won the biggest majority of any French government since the early 19th century, but his own RPR party emerged as the largest parliamentary faction with 247 seats, against 213 for the UDF, its coalition partner. This means that the RPR should not only have a strong claim over key cabinet posts, but should also be able to exert considerable influence on the policies of France's new *cohabitation* government.

The RPR has been here before. It was also the largest party in the last *cohabitation* government from 1986 to 1988 making Mr Chirac, as its leader, the natural choice for prime minister. Mr Chirac then spent two gruelling years being upstaged by President François Mitterrand and, convinced that this cost him the 1988 presidential election, he has refused to stand as *cohabitation* prime minister again.

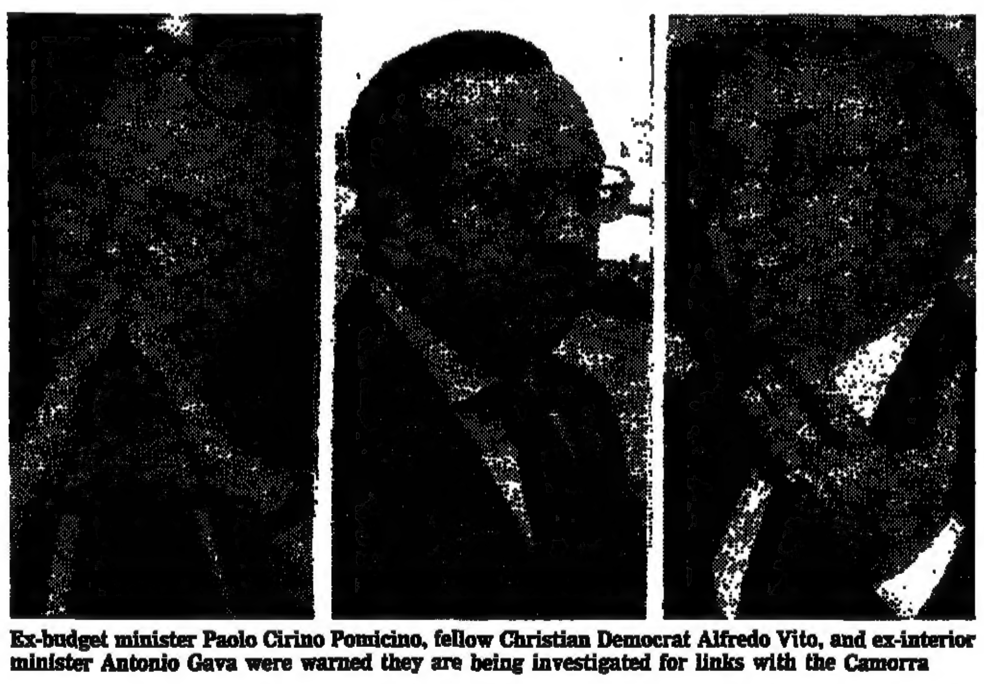
Mr Chirac is gambling that his chances of winning the 1995 presidential poll will be better if he spends the next two years as mayor of Paris, rather than fencing with Mr Mitterrand.

He may be wrong. His humiliations at the hands of Mr Mitterrand undoubtedly did contribute to his 1988 defeat, but Mr Chirac was also dogged by the electorate's lingering doubts.

He is seen as too ambitious for his own good, a problem which may be aggravated by his tactics. In the meantime, RPR leader faces the challenge of striking a balance between adopting a low profile, thereby avoiding the blame for any mistakes made by the new government, and having such a low profile that he jeopardises his present success in the presidential opinion polls.

Italian spotlight on links to Mafia

By Robert Graham in Rome



Ex-budget minister Paolo Cirino Pomicino, fellow Christian Democrat Alfredo Vito, and ex-interior minister Antonio Gava were warned they are being investigated for links with the Camorra

THE CORRUPTION scandals in Italy have reached a new and potentially far more explosive phase as magistrates focus on the inner workings of the Christian Democrat party and its control over the levers of power.

Until now magistrates investigating corruption have attacked the outer core of the political system. Over the past year they have revealed a system of bribes and favours in which politicians received funds for themselves and their parties in return for awarding contracts and cartels to businessmen. In revealing this system, which got out of hand in the 1980s, the Christian Democrats and Socialists have been damaged and patronage politics has been discredited.

But in the magistrates' warning to Mr Giulio Andreotti, seven times prime minister, that he is being investigated for allegedly consorting with the Sicilian Mafia, and in conducting the same investigative process against the Christian Democrats' top two bosses in Naples, matters have changed radically. Mr Andreotti has insisted on his innocence as have Mr Paolo Cirino Pomicino and Mr Antonio Gava, the Naples Christian Democrat leaders. But the process will be hard to stop.

This involves a challenge to the Christian Democrats' near-exclusive hold over the apparatus of state since 1946. The party has undoubtedly been supported by a popular vote and been backed by the Church. But it has also sustained itself in power through control over the security services (the Interior Ministry has never left Christian Democrat hands), manipulation of the courts and unchallenged use of state funds. Italy has had a long list of mysterious events which have never been clarified for the simple reason that the truth would discredit or even bring down the Christian Democrat hierarchy.

The events include the "execution" of Mr Aldo Moro, the Christian Democrat prime minister, at the hands of the Red Brigades; the murder of police chief Carlo Alberto della Chiesa; the collapse of the Sindona financial empire; the death of banker Roberto Calvi; the role of the secret masonic lodge P2; the abortive coup of Valerio Borghese and a series of bombings including a disaster at Bologna railway station.

The common link in all is either the suspected presence of the Mafia or the secret services – or both.

Mr Andreotti, who has held every office of state save the presidency, has been in power throughout these events. In defending himself now, he may well be obliged to shed some light on them.

Equally, politicians may well have to explain how it is that the Mafia in Sicily and its counterparts in Calabria and Naples have expanded in recent years.

Rome cools expectations of state group changes

By Haig Simonian in Milan

THE Italian government yesterday damped expectations of imminent boardroom changes at the country's biggest state-owned companies, despite the weekend appointment of a new board at the Eni energy and chemicals concern.

Mr Piero Barucci, the Treasury minister, said further appointments would only come ahead of shareholders' meetings at Iri, the biggest state holding company, the Ina insurance concern and Enel, the electricity generating authority. However, he gave no indication of when these meetings would take place. Businessmen have been keenly awaiting details of the new boards.

Their size and composition will be important indicators of the determination of the government to prepare for privatisation and reduce political influence on the state sector.

The boards were slimmed down to three members last year when all four state groups were transformed by the Amato government into joint stock companies as the first step towards privatisation. However, the mini-boards, comprising a managing director and senior civil servants, were seen as temporary pending the appointment of bigger boards including senior company executives and outside specialists.

It is widely expected that Mr Franco Nobili, Iri's chairman, who has been told by magistrates he is under investigation in the country's political corruption scandal, will be replaced. Less clear are the positions of Mr Lorenzo Pallesi, Ina's chairman, and Mr Franco Viezzoli, the chairman of Enel.

On Saturday, the government named Mr Luigi Meanti, a former managing director of Eni's Snam natural gas subsidiary, as its new chairman. Mr Franco Bernabe remains as managing director, while the four others nominated included a senior academic and the chairman of IBM's Italian subsidiary. However, last night the latter, Mr Renato Riverso, said he was unable to accept because of current commitments.

The changes at Eni followed this month's arrest of Mr Gabriele Cagliari, its former chairman, and the chairmen of four leading subsidiaries. Though some of those arrested have since been released, Mr Cagliari is still being held in Milan's San Vittore prison on allegations of illegal political funding.

The new appointments at Eni, to be confirmed by a shareholders' meeting this week, will be mirrored by similar changes at its subsidiaries, which include the EniChem chemicals concern, the Agip petroleum group and Snam.

Their sizeable boards, sometimes comprising a chairman, deputy and up to three managing directors, are likely to be replaced by six-member bodies.

The number of managing directors is likely to be reduced to one, or at most two, individuals, while political appointees will be excluded.

Milestone nears along road to political renewal

Italy's voting system is among the constitutional reforms tackled in next month's referendums, writes Robert Graham

AS a gentle reminder to the Italian electorate of the complexity of politics, the ministry of the interior is printing 600m voting slips for the country's next appointment with the ballot box. On April 18, Italians are being asked to vote for no fewer than 10 separate referendums.

All these referendums touch on reforms of the existing structure of state; but by far the most important concerns the existing system of proportional representation that has been responsible for 51 unstable post-war government coalitions.

The outcome will determine not only the life of the present government of Mr Giuliano Amato, the prime minister, but also the timing of early elections and the shape of new political alliances. In short, April 18 will be a milestone in the path Italy is treading to renew its ossified political system and come to terms with the extraordinary situation created by the ever increasing series of corruption scandals.

The referendums are a reflection of a fractious parliament's inability to agree on necessary reforms to the post-war constitution, framed against the background of the Mussolini era and the emerging cold war. The initiative has been taken up by a mixture of civic pressure groups and parliamentarians who have decided to force reform upon the legislature through a popular vote. Their efforts have overtaken the slow-moving joint parliamentary commission on constitutional reform which still has not agreed proposals.

Most notable among those in the "Referendum Movement" is Mr Mario Segni, the son of a former Italian president, who last night announced that he was breaking with the Christian Democrat party, of which he has been a member. The move by Mr Segni, who has represented a clean image for the party, is likely to have a big impact on the party's composition.

In June 1991, Mr Segni saw his first referendum initiative overwhelmingly endorsed – the abolition of multi-preference voting, and the establishment of a single preference vote which limited the ability of the party bosses to manipulate support for their favoured candidates in the general election a year ago.

He is proposing a first-past-the-post system for 238 of the 315 seats in the Senate, with the proportional system retained for the remainder. By implication the reform is likely to cover the more important chamber of deputies. The constitutional reform commission has accepted the idea of a majority voting system, and the main debate is whether to adopt a British-style single round or a French second round run-off.

In this respect the crushing defeat of the Socialists in France could force a significant re-think on the idea of a second round – or indeed on having up to 65 per cent of the lower house elected by a majority system. Mr Segni remains ambiguous on this point.

The two other important referendums are for the abolition of state funding of political parties – illicit funding is a central issue in the current corruption scandals – and direct election of mayors. Taken together these three referendums would create greater political transparency, accountability and individual voter choice at the expense of the existing corrupt party machines. Parliament is close to agreeing legislation on direct election of mayors, while a new law on party finance is also under discussion.

Three weeks ago President Oscar Luigi Scalfaro refused to sign the latter proposals in the form of a decree because the legislation extended an effective amnesty to those caught up in the corruption scandals for illicit party funding.

One referendum abolishing the ministry of state shareholdings has already been overtaken by events: the ministry no longer exists. The government is also in the process of heading off another of the 10 referendums, abolishing special aid to the *Mezzogiorno* (the south), by recasting the whole issue of future assistance to the region. Two further referendums want to abolish the ministries of agriculture and tourism, transferring their authority to the regions. Three more – depenalising use of drugs, removing environmental matters from local health authorities and ending political appointment of savings banks boards – would have limited impact.

A convincing mandate to implement these reforms means a vote of more than 60 per cent in favour. This cannot be taken for granted. The four-party coalition government has swung behind the Yes campaign largely to avoid the poll being turned into an anti-government vote. To escape being cast as anti-reform, the opposition Party of the Democratic Left (PDS), the Greens, the Lombard League, Radicals and Republicans are also supporting the Yes vote. However, support is by no means monolithic and pockets of opposition remain in most parties.

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Manoeuvring by Russian president damages himself

Yeltsin twists and turns risk support

By John Lloyd in Moscow

RUSSIA'S President Boris Yeltsin is expected to pronounce today on what he plans to do now that parliament has challenged his planned appeal to the people and his intention to rule by decree. He has come out of his bitter conflict with the Congress of People's Deputies in at best an ambiguous position. Indeed, he has wounded himself as much as he has been hurt by his opponents.

In seeking both to confront the parliament and to make a deal with it, Mr Yeltsin and his advisers have risked losing the support of the country's radicals – support which may be critical when it comes to campaigning for a pro-Yeltsin vote in a referendum or in future elections.

Much of the damage occurred on Saturday night and Sunday morning. It was late in the Saturday session of the parliament when Mr Yeltsin took the microphone and, in a speech which prompted his opponents to accuse him of drunkenness and his supporters to explain that he was tired and grief-stricken after the death of his mother, he appeared to beg for reconciliation, offering a week of talks between himself, Mr Ruslan Khasbulatov, the parliamentary speaker, and Mr Victor Chernomyrdin, the prime minister.

The next morning, Mr Yeltsin confirmed from his position perched above Mr Khasbulatov that he would immediately drop his idea for a referendum if the parliament voted for a compromise resolution to hold presidential and parliamentary elections in November. This was opposed: but the damage to his veracity was considerable.

Mr Yeltsin had fulfilled the publicly-stated fears of some of the radical democrats, led by Mr Yuri Afanasiev, the historian, before the parliament met. In a statement, Mr Afanasiev and his colleagues said that while they continued to support the president, they feared he would use his principled position on a referendum as a "bargaining chip" in yet another bad compromise with the parliament.

These fears, after the president's proffered compromise, were picked up and amplified (to the large rally in his support which gathered beside St Basil's Cathedral outside the Kremlin walls) by Mrs Elena Bonner, widow of the late Andrei Sakharov, who was the first to speak.

"The president's speech [the previous evening] made me bitterly disappointed," she said. "I have, do and will support the president, but he must be our president. I wanted him to say: we must continue the economic reforms; I wanted him to say: we will go by the voice of the people, we will have a referendum, and we won't allow any compromises."

It was for these reasons that Mr Khasbulatov, who himself survived a challenge to his post, was at least partly right when yesterday he claimed triumph after four days of an ebb and flow of political fortunes.

Hurd urges western states to stick by Russia

By Robert Mauthner, Diplomatic Editor

BRITAIN'S Foreign Secretary, Mr Douglas Hurd, yesterday made a ringing declaration of support for President Boris Yeltsin, emphasising that the whole process of reform in Russia was associated with his name.

Referring to Mr Yeltsin's "courageous economic and democratic programme" Mr Hurd said in an address to the Konrad Adenauer Foundation in Bonn that the present crisis in Russia would probably not be the last it would face in its adaptation to a new economic and political system. However, "if Russia gets through this drama, it will have secured one more stage in the process of renewal".

In spite of the difficulties that undoubtedly lay ahead, the west must not give up on Russia, which was "part of our part of the world".

Mr Hurd told members of the leading German Christian Democratic think-tank: "We shall help not out of sentimentality, not out of hero worship. We shall help based on an assessment of our interests."

Mr Hurd urged Mr Yeltsin to resist the temptation of putting political reforms on the back-burner while concentrating on the problems of the economy. Economic and political liberalisation went hand-in-hand.

"If you teach an individual to think and care about costs, profits and the free market, you cannot indefinitely prevent him or her from thinking about elections, changes of government and a free press."

Calling for a new trading relationship with Russia, Mr Hurd said that open markets were the best way of helping the country. The European Community should be generous and open its markets to Russian goods. The long-term aim should be to create a free trade area between the Community and Russia.

Mr Hurd also praised Russia's co-operative attitude in the United Nations and said the western nations should show their support for its new foreign policy. If a peace agreement was reached on Bosnia, it would owe much to the Russians. "Their consistent pressure on the Serbs will help bring about a settlement."

Deputies struggle to hang on to the good life

Membership of parliament brings fringe benefits no one gives up lightly

By Dmitri Volkov and John Lloyd in Moscow

MR VLADIMIR ISAKOV is no average deputy. He is an important political figure in the Russian parliament, the guiding intelligence behind the Russian Unity bloc (generally known as "hardline").

In the details of his election and political development since then and in the conditions of his work – his pay, benefits and privileges – lie some of the reasons for the reluctance of many deputies to give up their seats in parliament.

It explains why, yesterday, deputies voted to include a question on their re-election ina referendum set for April 25 – but gave no date, hoping to be able to keep their seats for as long as possible.

Mr Isakov, 43, was elected from the city of Ekaterinburg, which was called Sverdlovsk when he was elected, and was the home base of Mr Yeltsin when he was a district Communist party secretary.

Now one of the Russian president's bitterest critics, Mr Isakov was then a keen, even fervent, member of Democratic Russia, a pro-Yeltsin reform grouping.

His journey across the political spectrum to Russian Unity has been further than most have cared to go, but it is far from unique. Mr Yeltsin had a majority in this parliament: present voting shows his support to be somewhere between one quarter and one third.

As one of the 245 deputies who serve in the small, permanent Supreme Soviet, he qualifies for a range of – in Russian terms – impressive benefits.

He receives a monthly salary of Rbs40,000 (around $60 at the present exchange rate), more than twice the average wage; he also gets Rbs46,000 a month to pay for secretarial or other assistance.

He has an office in the "White House", or Russian parliament; a pleasant flat in Moscow for free; a dacha in one of the 17 dacha settlements or sanatoriums owned by the Russian parliament.

He does not pay for any travel within Russia, and he can always get a seat on Aeroflot aircraft; at nearly all airports except the smallest, there is a "deputies' hall", usually an oasis of peace in a surrounding of noise and squalor.

All of this, plus influence, prominence, and offers of foreign trips, make Mr Isakov's job highly desirable. For his colleagues who are members only of the larger Congress, the benefits are much less. They receive Rbs6,000 a month, plus Rbs23,000 for assistance and free travel in Russia: it is assumed they will keep their regular jobs.

Although many of these deputies have turned into effective local representatives, Mr Isakov said yesterday, however, that "they are now tired of being insulted by their constituents, who think the hard life they're suffering is all their fault".

Members of the Congress of People's Deputies attempt to catch the chairman's eye while waiting to speak. Many are reluctant to agree to national elections which might deprive them of their seats – and the not inconsiderable privileges that go with them

Mr Isakov freely admits that the good life offered to deputies, many of whom had modest means before, constitutes a "severe problem for our movement".

Though it supports extraordinary elections for both the presidency and the deputies the Russian Unity group has, he says, a number of deputies who "try to find any rationalisation, any argument, to cover the fact that they don't want to lose what they have gained. They must understand this is a moral position which they must take," he says.

However, he admits he is luckier than most. A lawyer by profession, and a lecturer at the Sverdlovsk Law Institute before he was elected in 1990, he says he has a good job to which to return. But "I can only feel pity for those who have to return to find a job in the economy they themselves destroyed".

Like nearly all of the deputies, Mr Isakov was selected in 1990 for a four-year term. He was also elected fairly freely – a fact which, when ignored by the president's side and by foreign press and governments, makes him and his colleagues angry.

The March 4, 1990, elections to the Congress of People's Deputies saw 6,700 candidates fight for 1,068 seats in total, an average of six candidates for each seat.

The justification for calling the parliament "Communist-dominated" is that more than 80 per cent of those contesting the seats were members of the Communist party.

However, they also often represented the emerging political and social movements of the time – like the anti-Stalinist Memorial society – and many of the successful candidates, like Mr Yeltsin himself, were liberal Communists running against party apparatchiks.

Nato assails Moscow failure to pull troops from Baltics

RUSSIA'S defence minister, Mr Pavel Grachev, yesterday reaffirmed that the army would stay out of the power struggle in Moscow, but he faced sharp criticism from Nato over the decision to stop troop withdrawals from the Baltic states, Reuter reports from Brussels.

Mr Grachev, attending a meeting of defence ministers from Nato, eastern Europe and the former Soviet Union, said the army would be the "guarantor of stability" in the current crisis. "My instruction to the army to stay out of politics reached every soldier," he told Italian television in an interview.

However, he drew an angry reaction from Nato allies – including the US, Britain, Canada and Norway – when he told the meeting that a decision to suspend troop withdrawals from the Baltic states was still in force.

Mr Grachev said there had been no agreement between Russian authorities, Latvia, Lithuania and Estonia on the pace of withdrawal and that it had proved difficult to find housing for thousands of troops that were stationed in the republics.

Mr Manfred Wörner, Nato secretary-general, said there was understanding for Russia's problems over what he called a "temporary suspension" and that some countries – including the Baltics – had offered help with housing. But he added: "There is no doubt that the position of Nato remains firm on the principle.... that you should not station troops on the territory of a sovereign state without its consent."

Nato and CIS defence ministers issue joint call on Vance-Owen proposals

Bosnia Serbs pressed over peace plan

By Laura Silber in Belgrade

DEFENCE ministers of Nato and the Commonwealth of Independent States yesterday urged Bosnian Serbs to sign an international peace plan to end the war in Bosnia, and the US said it might send troops to enforce the agreement.

While the Croats and Moslems have signed the plan, drawn up by mediators Lord Owen and Mr Cyrus Vance, the Bosnian Serbs have so far refused to do so. "We call upon the Bosnian Serb leadership to agree to the peace plan," defence ministers from Nato, eastern Europe and the former Soviet Union said after their meeting in Brussels.

The Atlantic alliance is planning to send at least 50,000 troops to enforce the agreement, but only when all parties have signed.

Mr Johan Joergen Holst, the Norwegian defence minister, said the figure would probably be around 75,000 but that no country had so far committed forces to take part.

Mr William Perry, US deputy secretary of defence, told the meeting that Washington might commit ground forces to help make up the total but did not say how many.

"Nato should play an important role and the US stands ready to make a substantial contribution, possibly including ground forces," he said. "Contributions from our eastern partners to an implementation force would be welcome."

Meanwhile, about 2,140 sick and wounded women, children and elderly were yesterday evacuated from Srebrenica, the Moslem enclave in eastern Bosnia, by UN relief workers.

The Moslem evacuees, crowded into 19 lorries, waited in the northern village of Caparde to cross Serb lines to Tuzla.

At least 45 people in the convoy were critically wounded and all the remaining were afflicted with scabies and body lice, said Ms Lyndall Sachs, of the office of UN High Commissioner for Refugees (UNHCR).

Diplomats, who believe Srebrenica is the most vulnerable of the few remaining enclaves in eastern Bosnia, say that despite US air drops the situation there is still "very grave".

Nonetheless, the Bosnian Serb government yesterday protested to the UNHCR over the use of German military aircraft to drop relief supplies over eastern Bosnia.

Germany sent its first cargo aircraft to join the US-led air drop mission on Sunday night.

The Belgrade-based Tanjug news agency quoted the protest note as saying that this violated an agreement between the Bosnian Serbs, the UN and the US under which Germany would be excluded from the operation "owing to deep-rooted historical reasons".

Bad weather appeared to favour a ceasefire which came into effect on Sunday. It was agreed between UN and Serb commanders and later endorsed by Moslem and Croat leaders.

● In Zagreb, the Croatian government resigned, against a background of increasing economic deprivation. Mr Nikica Valentic, head of Ina, Croatia's state-owned oil company, was named as prime minister to succeed Mr Hrvoje Sarinic.

The republic's economy has been hard hit by the war and the influx of some 700,000 refugees.

EC defies itself and edges away from TV scrutiny

THE European Community's much-heralded decision at December's Edinburgh summit to open up decision-making to greater public scrutiny is being blocked by several states, to the consternation of the Danish presidency.

After the initial fanfare that greeted the televising of parts of three council of ministers meetings in February, Danish plans to broadcast debates in three EC ministerial meetings this month were vetoed.

Denmark has put down three more debates for TV access next Monday and Tuesday. The member states' ambassadors to the EC will decide, probably tomorrow, whether to agree to their request, in what is being seen as a test of whether the "openness" policy is substance or sham.

Denmark is anxious to demonstrate to its own people that there has been a change in the EC's secretive decision-making, before Danes get their second chance to ratify the Maastricht treaty on May 18. Part of the reason they voted it down last June, Danish officials say, was fear that more and more decisions affecting them were being taken behind closed doors in Brussels.

February's TV debut covered foreign ministers delivering set-piece speeches on the year ahead, and EC finance ministers did much the same at a later council. At the end of February, agriculture ministers submitted gracelessly to having their posturing on this year's farm price package partially televised, but felt bounced into accepting the cameras by Danish pressure.

David Gardner explains Danish frustrations at blocks on EC debates on TV

"It was felt this was not the way to prepare people for more of this; they felt set up," said one EC diplomat.

Belgium, Portugal and Luxembourg – the member states most sceptical of the exercise – blocked Danish suggestions for televising debates this month on the development of EC transport policy, the EC strategy on global warming, and policing of the common fisheries policy. They were supported passively by what one EC diplomat called "semi-silent voices" on the openness issue.

The Danish presidency has got agreement that the opening of Norway's EC accession negotiations will be televised at next Monday's foreign ministers' meeting in Luxembourg.

But the Danes also want TV access for a ministerial debate on the same day on how to make the EC internal market work, and, on the following day, for a discussion on "employment and social dialogue" – which means the involvement of employers and trade unions in EC decision-making.

"Edinburgh" – where it was decided unanimously that important policy debates and new legislative proposals should be televised – "should be implemented," a senior Danish official says.

But diplomats from member states which are middle-of-the-road on "transparency" say little headway has been made on Denmark's latest demands. The UK, in particular, is reticent about the employment debate.

From the Danish standpoint, the worst outcome might be agreement on broadcasting the internal market debate, but not the employment debate. This might confirm to Danish voters that the EC cares little about the issues to which they give priority, such as social policy and the environment.

King asks Belgium's premier to try again

By Andrew Hill in Brussels

THE king of Belgium has asked his prime minister to seek a solution to the budget crisis which threatens to bring down the government.

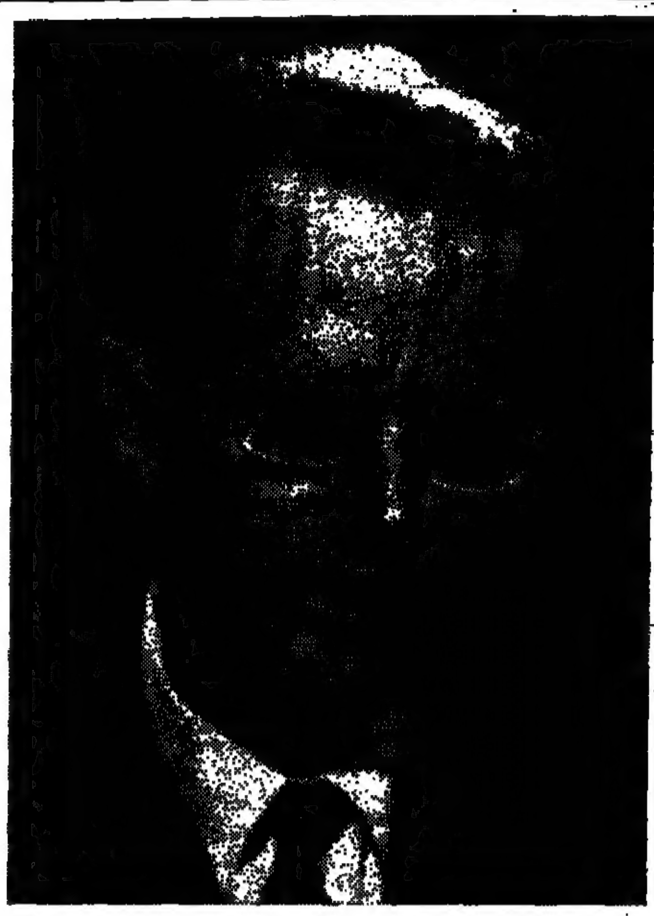
King Baudouin said yesterday he had still not decided whether to accept the resignation of the centre-left coalition, submitted a week ago. Instead, he has given Mr Jean-Luc Dehaene, prime minister, a "mission" to mediate between the four coalition parties – Flemish-speaking and French-speaking Socialists and Christian Democrats. No deadline has been set.

The coalition split last week when ministers failed to agree how to raise BFr110bn (£2.3bn) needed to bring the ballooning Belgian national debt into line with Maastricht treaty criteria for European economic and monetary union.

The king's decision, reached after discussions with senior political figures and advisers, shows he is reluctant to precipitate a new election, less than two years after the last one.

Mr Dehaene's spokeswoman said the mission would allow the prime minister to broaden the search for a solution to include talks with leaders of the four coalition parties as well as with ministers. But she made clear that Mr Dehaene would not be discussing solutions with opposition.

Belgium's Liberal opposition parties are calling for a fresh election, in spite of the fact that almost all traditional parties lost votes in the November 1991 poll. Belgian citizens registered their discontent by voting for extremists, Greens and anti-political parties.



King Baudouin: reluctant to precipitate another election

Slovak leader tightens grip on his party

By Patrick Blum in Bratislava

THE Slovak prime minister, Mr Vladimir Meciar, has emerged stronger within his own party but more isolated from former political allies after a two-day conference of his governing Movement for a Democratic Slovakia (HZDS).

The first post-independence congress at Trnava near Bratislava endorsed the sacking of his foreign and economics ministers and backed Mr Meciar's ambiguous promise of "carefully managed and controlled" market reforms.

Mr Meciar was re-elected party chairman with 183 votes against the 41 received by his main rival, Mr Milan Knazko, the ousted foreign minister. He said the government had no alternative but to carry out sweeping reforms of the financial and tax systems, public administration, health, education and the labour market during the next two years.

He gave no details of actual reform proposals but said "the transformation [to a market economy] may be achieved in two years. It is an enormous task, but it will be accomplished."

Mr Meciar who has seen his rating in opinion polls decline sharply from 34 per cent in January to 25 per cent this month, remains the most powerful politician in Slovakia. But he badly needs to bolster the image of an inexperienced government further depleted by the departure of two senior ministers last week.

Mr Ludovit Cernak, economy minister, resigned citing a series of disagreements with Mr Meciar, while Mr Knazko, with whom the prime minister has had bitter public rows, was sacked.

Mr Cernak's departure is the more serious blow at a time of growing uncertainty about the future of government economic policy and pressure on the currency. The leader of the Slovak National party, he was also the only cabinet member not belonging to Mr Meciar's HZDS, which will now have to assume sole responsibility for the government's actions.

Romania angers its ethnic Hungarians

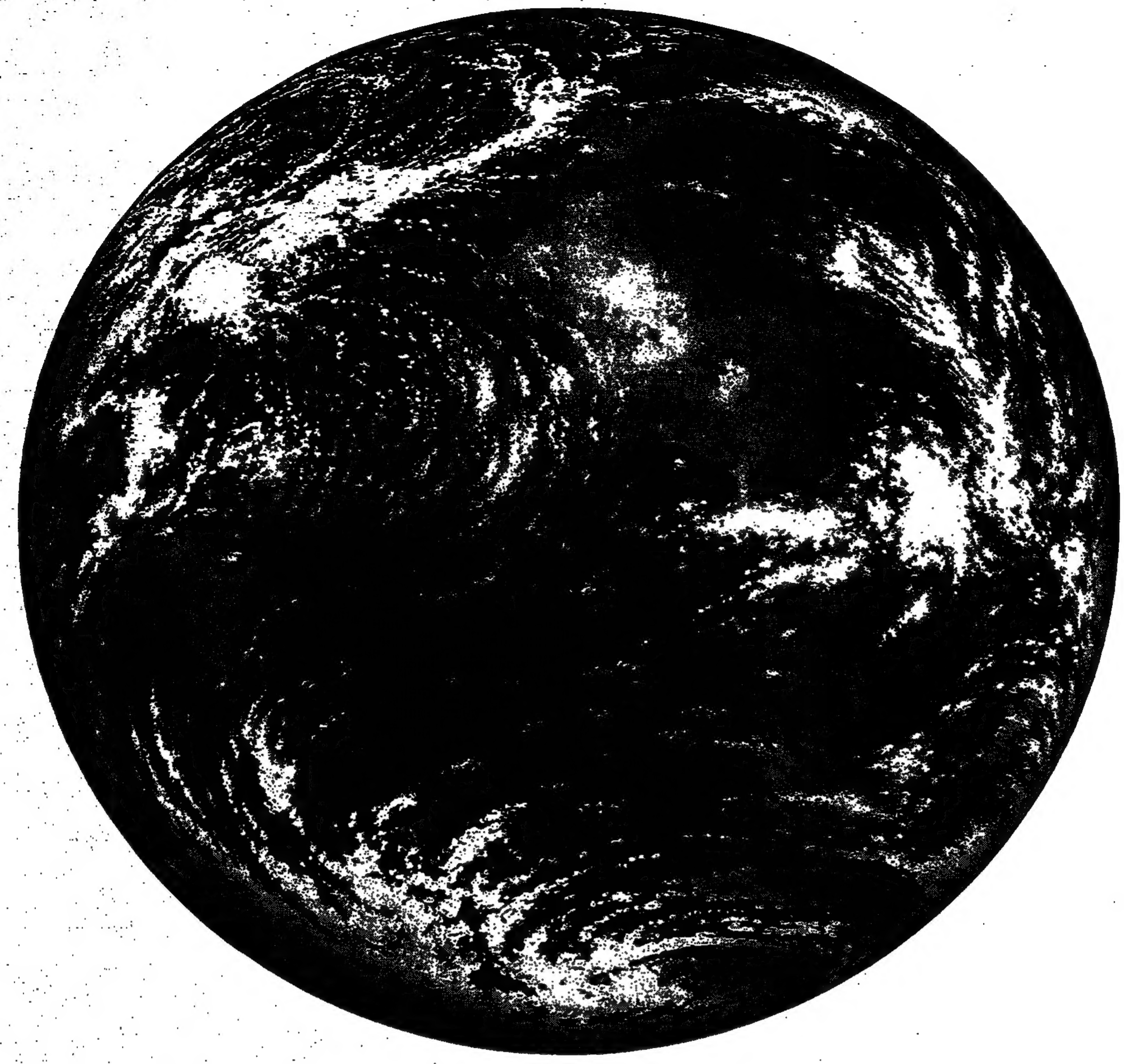
By Virginia Marsh in Bucharest

ROMANIA'S ethnic Hungarian minority has accused the government of practising "ethnic purification" within state institutions, following the appointment of ethnic Romanian prefects in two Transylvanian counties inhabited predominantly by ethnic Hungarians.

"Hungarians are still considered inferior citizens not able to fulfil posts of political responsibility," said the Democratic Union of Magyars in Romania (DUMR) which represents the country's 1.7m ethnic Hungarians.

The appointment of the prefects to Harghita and Covasna, where more than 75 per cent of the people are ethnic Hungarians, was only the latest example of continuing discrimination against the minority and contradicted the government's declared wish for integration into European structures, the DUMR said.

The government, a left-wing minority which rules with the support of nationalist and ex-Communist parties, appointed the two prefects last week, overturning a compromise reached last summer which installed one ethnic Romanian and one ethnic Hungarian to govern each county jointly. Previously ethnic Hungarians had held the two posts.



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India expected to press on with project despite cancellation fears

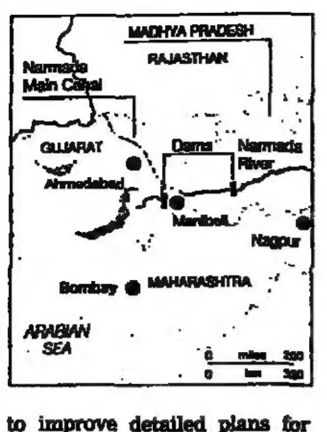
World Bank ready to drop $3bn dam

By Stefan Wagstyl in New Delhi

THE World Bank is almost certain to pull out of a half-finished $3bn (£2bn) scheme to dam the Narmada River in north-western India, following criticism of the project's impact on the environment and on villagers who will lose their land.

But the Indian authorities are likely to press ahead with the project, which would generate hydroelectricity and bring irrigation and drinking water to about 30m people.

The Indian government is expected to disclose this week that it will not meet tough conditions laid down by the World Bank six months ago for its continued participation in the scheme.



India was asked by the bank to improve detailed plans for resettling displaced villagers and prepare a full study of the project's environmental effects. The deadline set by the bank expires tomorrow.

The bank's likely decision will highlight the growing power of international environmental campaigners and raise doubts about the value of projects such as dams in developing countries. It could also prompt questions about future relations between aid agencies and Third World governments.

The bulk of the $450m loan the World Bank committed to the project has already been spent. The bank's decision will block the release of the remaining funds and could persuade the project's other foreign backers, including Japan, which has promised loans worth Y25bn (£147m), to withdraw.

The Narmada project, first mooted in 1946, was delayed by disputes between the three states which share the Narmada's waters – Gujarat, Maharashtra and Madhya Pradesh. The arguments were resolved only in 1979 and it was not until 1985 that the World Bank approved its loan.

By then, environmental lobbyists' power in India and overseas was growing. Economists were starting to question the merits of big dams, on the grounds they rarely deliver the full benefits expected, and often cause unforeseen environmental damage.

But the Indian government and the World Bank saw the Narmada scheme as a chance to learn from past mistakes. So the scheme went ahead with stringent conditions for resettling and paying compensation to displaced villagers and for an environmental master-plan.

But the conditions were not met. Pressure from activist groups forced the World Bank in 1991 to commission an unprecedented independent review by Mr Bradford Morse, a former senior US development aid administrator, and Mr Thomas Berger, a former Canadian Supreme Court judge.

The report, delivered last summer, condemned the alleged failure to protect the environment or the interests of displaced villagers.

While World Bank officials continued to back the project, the bank's directors, representing member countries, began to voice doubts. The US, Japan and Germany, among others, last autumn raised the possibility of dropping the scheme. But a bank board meeting in October agreed to give India until March 31 to meet new conditions.

India has been unable to forge a consensus on the bank's conditions between the central government and three interested states, not least because New Delhi has been preoccupied with the recent wave of inter-religious violence.

Some Indian officials will be relieved that they can continue with the scheme without time-consuming monitoring from the World Bank. They claim the bank has exercised inordinate influence, given it was contributing only some 15 per cent of the funds.

But the World Bank's pull-out could well boost the efforts of Indian anti-Narmada campaigners, who have won national attention by staging demonstrations at the reservoir which is steadily filling up behind the Sardar Sarovar Dam, the biggest of several being built across the Narmada and its tributaries.

Japan groups' capital outlay due to fall 4%

By Robert Thomson in Tokyo

CAPITAL spending by Japanese companies is likely to fall by 4 per cent next fiscal year, according to the Long-Term Credit Bank of Japan, whose gloomy forecast comes as some companies are already hailing the end of the downturn.

A surge in Tokyo stock prices has stirred debate on whether a recovery is imminent, but the LTCB's influential survey of corporate spending plans found little reason for optimism.

The bank estimates capital spending will fall 3.9 per cent in the year ending tomorrow, and another 4 per cent next fiscal year, the biggest drop since 1970 and the first time the bank has forecast two consecutive years of decline.

"Virtually all industries are trimming their investments, the only exceptions being mainly in the fields of electric power, gas and land transportation," LTCB said. "Many industries that have been slow to adjust to economic changes will finally begin cutting their investments in earnest during fiscal 1993."

The bank forecasts that investment in facilities and equipment by manufacturing industry will fall 12.9 per cent in the next year, following a 15.6 per cent drop this year. Steel makers told the bank they will be cutting capital spending by 20.8 per cent.

Meanwhile, officials of the ruling Liberal Democratic Party are finalising details of an emergency economic package, likely to be unveiled on April 8. The LDP yesterday held talks with opposition parties on the spending proposals, which Mr Kiichi Miyazawa, the prime minister, wants to bring with him on a Washington visit on April 15.

Opposition politicians yesterday demanded the package contain income tax cuts of Y4,260bn ($36.6bn), which have been strongly opposed by the finance ministry. The opposition argues the emphasis on infrastructure spending in a package last year had little effect on the weakened confidence of most consumers.

● Japan's labour office ruled yesterday that a supermarket attendant who died after working 360 days in a row was not a victim of *karoshi* or death from overwork, Reuter adds from Tokyo. Kyodo news service quoted Labour Standards Inspection officials in Yokohama as saying the man was not sick seven days before his death, so his family was not entitled to compensation.

A claim filed by his widow said Yuji Iguchi, 43, worked 360 days during 1989. After taking the first three days off in 1990, he worked until February 10, 1990, when he collapsed, dying two days later. Japan's labour standards say a victim of *karoshi* must be sick or suffer injury one week before death.

Nigeria turns to business leaders

By Paul Adams in Port Harcourt

TWO WEALTHY businessmen with no direct experience of government will contest Nigeria's presidential elections, due to take place in June.

A scheduled handover of power in August would end a decade of military rule in the country.

Mr Bashir Tofa, a businessman from the northern city of Kano, won almost unanimous support from the 5,000 delegates at the National Republican Convention (NRC) convention on Sunday in Port Harcourt.

Mr Mko Abiola, who owns a domestic airline and newspaper group, was endorsed at the Social Democratic Party (SDP) convention in the central Nigerian city of Jos on Sunday.

Both men are Moslems but have contrasting approaches to politics. Mr Tofa has a low-key style but lacks the popular appeal and oratory of Mr Abiola.

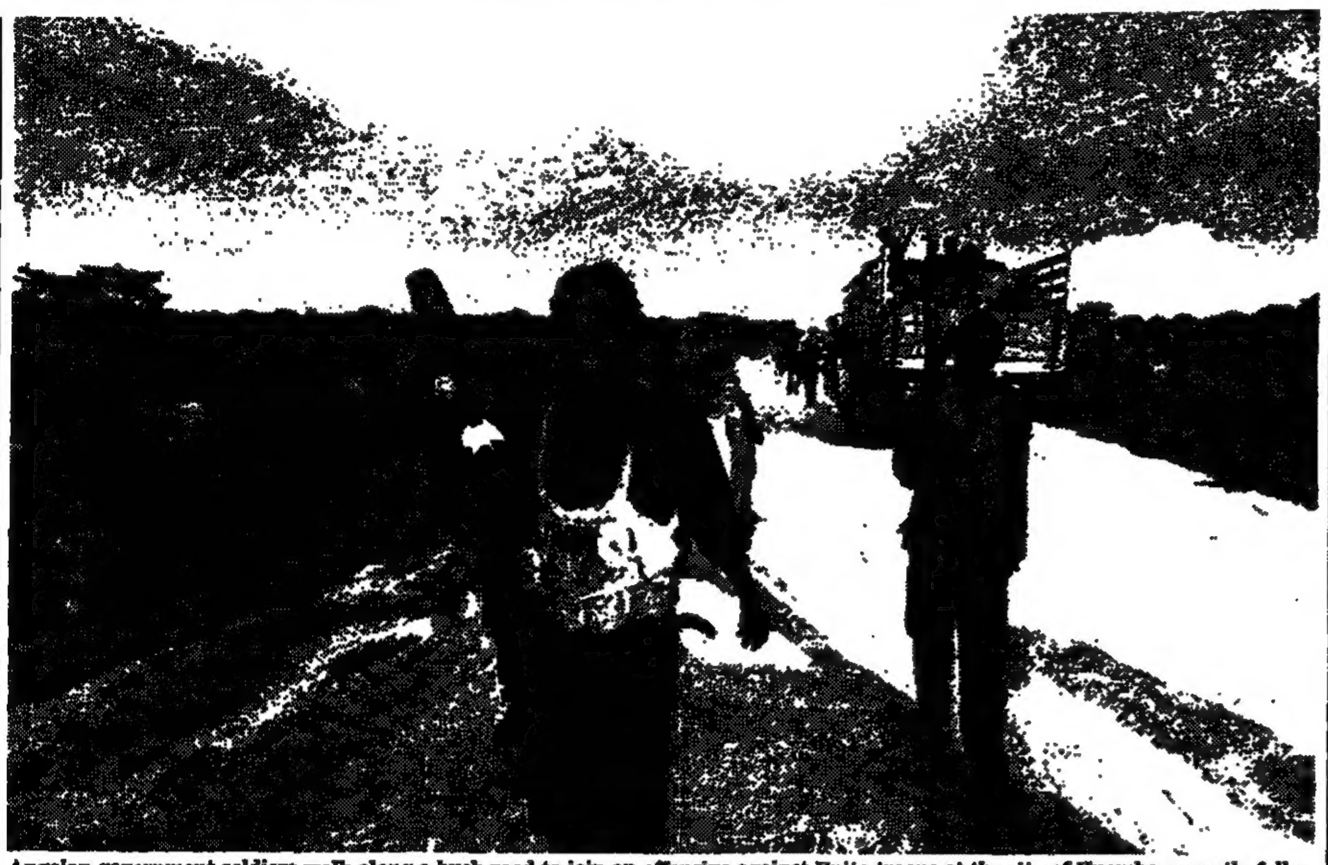
A key factor in the outcome will be the choice of running mates. Mr Tofa is likely to chose a Christian from the south, while some observers expect Mr Abiola to select a prominent northern Christian.

But there is a strong possibility that Mr Abiola may be confident enough of the backing of the predominantly Christian Yoruba ethnic group, to which he belongs, to choose a northern Moslem politician in order to strengthen his appeal in the region.

In the NRC convention, Mr Tofa heavily defeated his main rivals from the north, Dr Dalhatu Tafida and Mr Samalia Mamman, for the nomination. Mr Joe Nwodo, a prominent lawyer from Enugu, finished third and is expected to be Mr Tofa's nomination for the vice-presidency.

Mr Abiola narrowly won the first ballot of the SDP's convention, with 3,617 votes, 392 more than his main competitor, Mr Baba Gana Kingibe.

Voting at the conventions was well ordered and peaceful. Since January the National Electoral Commission has assumed direct control of the two parties' presidential campaigns and has so far succeeded in eliminating electoral irregularities which marred last year's primaries and led to the disqualification of all last year's presidential aspirants.



Angolan government soldiers walk along a bush road to join an offensive against Unita troops at the city of Huambo, recently fallen to the rebels. Some 3,000 soldiers have been trekking for three weeks to reach the battle lines as UN trucks supply refugees with food

Beijing gears up for speedy reform

By Tony Walker in Beijing

CHINA yesterday installed a younger, more technocratic government to spearhead speedy economic reform demanded by its ageing leader, Mr Deng Xiaoping.

The National People's Congress, or parliament, also accepted a new constitution that enshrines Mr Deng's capitalist-style economic reforms and confirms China's opening to the outside world.

Mr Zhu Rongji, 65, known as China's economic "czar", was elevated to the post of senior vice-premier with specific responsibility of ensuring that Mr Deng's reformist legacy is preserved.

The NPC also approved one of the largest government reshuffles in history with 22 new ministers out of 41, including the appointment of Madam Wu Yi, who heads the powerful Trade Ministry and is regarded as a rising star.

New vice premiers include Mr Qian Qichen, 65, who also retains his post as foreign minister, and Mr Li Lanqing, 61, the former trade minister. The fourth vice premier is Mr Zou Jiahua, 67, who has already served one five-year term.

China's new constitution – the fifth since the founding of the People's Republic – embraces the phrase "socialist market economy" to describe the country's capitalist-style reforms that produced an economic growth rate last year nearing 13 per cent.

The constitutional change mirrors resolutions adopted at the 14th Communist party conference last October which gave formal blessing to the move away from rigid central economic control.

China's new leadership is meant to provide both the expertise and commitment needed to underpin the country's economic revolution once Mr Deng, who has aged noticeably in the past year, leaves the scene.

This eighth NPC since 1949 – China's parliaments meet annually and run for five-year terms – has also provided Mr Deng and his reformist supporters with an opportunity to strengthen the collective leadership.

The appointment of Mr Jiang Zemin, general secretary of the Communist party and chairman of the Military Commission, to the additional post of state president is part of this process.

Economic revolution, Page 21

NEWS IN BRIEF

N Korea will defy N-arms deadline

COMMUNIST North Korea made clear yesterday that it will defy an ultimatum to open two suspected nuclear weapons sites to international inspection, even at the risk of incurring UN Security Council sanctions, Reuter reports from Tokyo.

Facing a deadline of tomorrow to allow access to the sites, Pyongyang disputed the legality of a threatened referral of the nuclear issue to the Security Council.

The foreign ministry said that if the US and other nations sought to impose sanctions, "we will be compelled to take a powerful self-defensive measure".

Kuwait calls for Iraq oil cash

Kuwait yesterday called for international pressure on Iraq to sell oil for cash to compensate civilians, companies and governments which suffered losses in Baghdad's invasion of the emirate in 1990, Reuter reports from Geneva.

Speaking to the United Nations Compensation Commission in Geneva, a senior Kuwaiti official also said it was time to consider transferring part of Iraqi assets frozen abroad into a special UN coffer set up to pay Gulf War reparations.

Opposition leader's sentence cut

Malawi's Supreme Court yesterday reduced the prison sentence of opposition leader Chakufwa Chihana from two years to nine months, enraging the opposition that had hoped he would be freed, Reuter reports from Johannesburg.

An opposition official repeated allegations that prison guards were forcing Chihana to work as a labourer despite his poor health. Mr Chihana, 52, is a leading trade unionist and opposition campaigner.

Exiled Lesotho party returns

The Basotholand Congress Party (BCP) has put two decades of exile behind it to win Lesotho's first general election in 23 years but the former ruling party which once banned it cried foul, Reuter reports from Maseru. The electoral office said the BCP won a clear majority in weekend polls, taking 36 out of 65 constituencies.

The BCP's main rival, the former ruling Basotho National Party (BNP), had not won a single seat for the 243-member parliament by mid-afternoon yesterday. Full results were not expected until Friday.

UK and Pakistan in trade talks

Mr John Major, UK prime minister, held talks yesterday with Pakistani Premier Nawaz Sharif on trade issues and tensions between India and Pakistan.

A British official said Mr Sharif, who stopped in London on his way to Germany for a five-day official visit, also briefed Mr Major on Pakistan's economic liberalisation programme. The one-hour meeting was described as "extremely friendly".

Mubarak urges Middle East to jump aboard last peace train

By Roger Matthews and Mark Nicholson in Cairo

EGYPT believes that only "small measures" are required from Israel for Middle East peace negotiations to resume on schedule in Washington on April 20.

President Hosni Mubarak, speaking after weekend talks in Cairo with President Hafez al-Assad of Syria and Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, said that he would be contacting Mr Yitzhak Rabin, the Israeli prime minister, after his talks next week with President Bill Clinton.

Mr Mubarak also gave notice to the US that on the question of civil and military aid, Egypt expects to be treated no less well than Israel. Mr Rabin recently received an assurance from the US that there were no plans for any reduction in the $3bn (£2.1bn) that Israel receives annually. The US commitment to Egypt is for $2.1bn a year, a sum exceeded only by aid to Israel.

On the peace process, Mr Mubarak said that Mr Rabin had already made clear that the deportation of 415 Palestinians in December – the issue blocking the resumption of negotiations – was an "extraordinary" act. He praised the Israeli leader for taking "some good steps" and added that his bilateral contacts with Mr Rabin were a key factor in getting talks restarted. He planned to contact Mr Rabin as

soon as he returned from Washington.

But Mr Mubarak, who has emerged this week as the key intermediary in efforts to revive the peace talks, warned that time was running out. "We are anxious to help all the parties involved, with the co-operation of the US, to reach a comprehensive settlement."

He had discussed the issues preventing the resumption of talks at the weekend with President Assad and Mr Arafat and said "there are still some clouds." But he added: "We are trying to solve the problem of the deportees. I do not want to miss the April 20 date because I think that the efforts now being made may be the last efforts for solving the Middle East problem. We don't want to miss this train. This is the last train for peace and I want to make sure all the passengers are on it."

Mr Mubarak believed it was vital for the Clinton administration to become a full partner in the peace process, not simply to put pressure on Israel but to "help and mediate". "That does not mean we are going to neglect having the Americans put pressure on the Israelis. But the main thing is to have good contact with the Israelis. We are working hard with the Israelis in this sense."

He cautioned other Arab governments against over-reacting to recent statements by Israel and the US on strategic co-operation. "There is nothing new in this," he said. "They have co-operation in so many ways. I have told them not be be nervous about this."

Mr Mubarak said he would also be discussing Iraq with President Clinton and warned that the break-up of that country would be very dangerous.

"All of us would suffer. It would be very dangerous for all for the whole area, including Europe. You may not realise it now. You would have three countries creating problems. What I shall be discussing with President Clinton is ways of helping the people of Iraq."

Canberra in budget deficit commitment

By Kevin Brown in Sydney

MR JOHN DAWKINS, the Australian treasurer, yesterday sought to calm nerves in financial markets by reaffirming the re-elected Labor government's commitment to cut the federal budget deficit.

He said the Canberra government stood by its pre-election promise to cut the deficit from about 4 per cent of gross domestic product this year to about one per cent by 1996-97.

Mr Dawkins' comments contrasted sharply with reports last week that he regarded the deficit as less important than a drop in unemployment from its near record level of 11.1 per cent.

Fears that fiscal policy would be loosened sparked a wave of selling on financial markets on Friday, but prices recovered after his comments.

Manila set to deal with crippling power shortages

'Brownouts' have been a factor behind the nation's largely stagnant economy, writes **Joe Galang**

THE PHILIPPINE Congress seems set to grant "emergency powers" to President Fidel Ramos to deal more decisively with electric-power shortages crippling the economy.

Much of the main Luzon island, including Metro-Manila, has been suffering daily power disruptions that have become longer – up to eight hours on some days – since the start of the year. The shortages, or "brownouts", have been a significant factor behind the largely stagnant economy over the past few years.

In spite of reservations in some quarters because of their association with the strong-arm regime of the late Ferdinand Marcos, the emergency powers are viewed as necessary by Mr Ramos's economy managers, whose campaign for reforms in the energy sector have run into opposition.

The Philippines is due to resume negotiations with the International Monetary Fund on April 15 on a medium-term economic programme to succeed the 18-month stabilisation programme that expires tomorrow. Power-rate increases necessary to help narrow budget deficits are vital to the successful conclusion of the discussions.

The Philippines, though enjoying historically high reserves of more than $5bn (£3.5bn), feels it still needs the IMF's "seal of good housekeeping" because its traditional creditors anchor their own lending programmes to the country on such imprimatur.

After the first round of negotiations last February ended without a deal, other multilateral and bilateral lending institutions have also suspended disbursements for power-related projects. Talks for new financing have also been frozen.

The Philippines has presented to the IMF a "growth-oriented" programme seeking financial support of some $800m-$1bn over the next three years. Mr Ramon del Rosario, finance secretary, expects this programme to be the last of the series the country has sought from the fund.

Under the programme, overall growth this year will be targeted at 3.5-4.5 per cent, with inflation being kept at 7.5 per cent. The programme aims at putting the economy on track towards double-digit growth rates by the end of the Ramos administration in 1998.

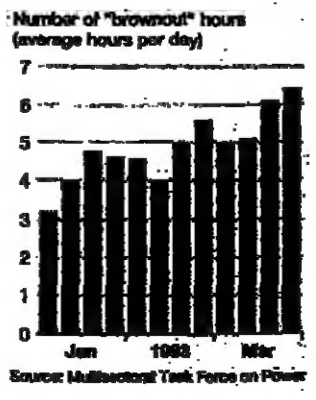
However, revenue-enhancement measures and power-rate increases have been imposed as conditions by the IMF. These are aimed at narrowing the fiscal deficit, a chronic problem that had led to high inflation for years.

The power-rate increases, for the state National Power Corporation (Napocor), were approved by the government late last year, but a court case filed by a lawyers' group resulted in a restraining order issued by the Supreme Court. Without the higher rates, Napocor will not be able to meet returns that its creditors, mainly the World Bank, require on its operations.

On the other hand, new power plant projects being planned by the government have also been facing delays resulting from complicated bidding procedures and in securing environmental clearances.

Philippines: darkest hours

Number of "brownout" hours (average hours per day)



Source: Multisectoral Task Force on Power

Mr Ramos's emergency powers will be aimed at overcoming these circuitous procedures to keep energy programmes on the move again. The power-rate increases, for instance, would be reimposed, although the courts will still continue to hear opponents' arguments.

Also expected to get a boost are the baseload power plants targeted to be on line by 1995. These plants will have a combined capacity of 1,600MW, enough to cover present deficiencies and provide a comfortable reserve that will allow Napocor to refurbish its ageing plants.

Napocor's power plants are about 25 years old and prone to breakdown. Last year, the government devised a programme to put up six fast-track plants that should be ready to meet the increased demand during the summer months starting in April.

The first of such fast-track plants, the 100MW Hopewell-2, is set to be inaugurated tomorrow. On April 11, two others are due for commissioning, with the rest due to come on stream over the next four months.

The fast-track projects are gas turbines or diesel-fired plants, which make them expensive over long periods of operation. These plants, according to officials, can only be stop-gap measures, and the real solution to the problem is for construction of the baseload plants.

Meanwhile, many large business groups appear to have relied more on their gut feelings rather than on Napocor's assurances on the fast-track plants, and have gone on to acquire their own generating sets. Private economists expect overall economic growth this year to reach only about 1.5 per cent, owing to the power shortages.

IADB annual meeting optimistic of more agreements by end of year

Hopes rise for debt relief accords

By Stephen Fidler in Hamburg

MOST of the countries in Latin America without debt relief accords with creditor banks could secure agreements by the end of the year, according to bankers at the InterAmerican Development Bank annual meeting in Hamburg.

They say significant progress has been made in recent talks with a number of Latin American governments. "This should be a year where we can finalise Argentina and Brazil and get agreements in principle hopefully with Ecuador, Peru and Panama," said Mr William Rhodes, vice-chairman of Citibank, a leading Latin American creditor.

His statement reflects a growing sense of progress at the meeting and, if correct, means only the Dominican Republic is left among significant bank debtors without some agreement this year.

Other developments are:

- Argentina is set to finalise its deal on April 7, a year after it signed an agreement in principle.
- A more favourable mix than expected of choices by banks from the six options negotiated under Brazil's debt reduction agreement. Furthermore, the amount of debt covered by the agreement is some \$3bn-\$5bn less than the \$40bn (£28.1bn) expected, making a finalisation of the agreement an easier prospect.

Banks are shuffling their options, however, as they have chosen too high a proportion (63.1 per cent) of relatively expensive "par" bonds for the government's liking.

- The Ecuadorean government and banks made "some progress" in a meeting on Sunday, but an important obstacle is the lack of any interest payment since July. The two sides meet on April 6 in New York.
- Panama and its banks, led now by Citibank, are to begin talks on \$1.9bn of principal and \$1.1bn on back interest, unpaid since December 1987.
- Peru and its bank creditors are set to meet in May. Bilateral meetings between Mr Jorge Camet, finance minister, and bank lenders have taken place in Hamburg.
- Bolivia is set to sign today an agreement covering the buyback for cash of 94 per cent of its remaining bank debt.

The German government has indicated it would hold off support for a capital increase of the InterAmerican Development Bank unless there was increasing representation for shareholder governments from outside the Americas in the running of the bank, writes Stephen Fidler.

Non-regional shareholders do not have permanent representation on the board.

Mr Hans-Peter Repnik, parliamentary state secretary at the Ministry of Economic Co-operation and Development, also questioned whether a large increase in capital was necessary for the bank, given that it was to reduce lending to cover balance of payments deficits.

Few sighs of relief in Latin America

By Stephen Fidler

IN what was billed as the first important indication from the Clinton administration about its views on Latin America, the US will tell the InterAmerican Development Bank today that the region is to be a top priority in Washington.

Whether Latin Americans will take these words at face value is another matter. The official due to give this keynote speech - Mr Larry Summers, the deputy to treasury secretary Lloyd Bentsen responsible for international affairs - will be in Washington working on the package of support measures being proposed for Russia. The words will instead be delivered by Mr James Fall, deputy assistant treasury secretary for developing nations at the Treasury.

"It's an interesting signal," said Mr Enrique Garcia, a former Bolivian planning minister, on Mr Summers's absence.

Latin Americans may further be led to question US intentions when they learn that some relief agreed by the Bush administration on debts of some Latin American countries to the US government has been cancelled by the Office of Management and Budget in its search for budgetary cuts.

A US official said much of the debt relief announced in December and January - when agreements were signed with Argentina, Chile, Colombia, El Salvador Jamaica and Uruguay - has been struck out for budgetary savings of about \$90m.

This debt relief was one element of the Enterprise for Americas initiative launched by President George Bush in June 1990. This initiative, hailed in Latin America as offering a new basis for partnership with their powerful northern neighbours, included relief on modest sums of debt owed to the US government, the establishment of a fund to encourage reform of investment regimes and the prospect of a free trade area from Alaska to Tierra del Fuego.

The loss - perhaps only until another tax year - of a small amount of debt relief, and Mr Summers's non-appearance may be only symbolic. But then the Enterprise for Americas was at least as important symbolically as in substance. A slap in the face is unlikely to be intended by the Clinton administration - but that may be what is inferred. As the thousands of bankers and investors in Hamburg for this conference testify, Latin America does not, at least for now, present the administration with a foreign policy crisis.

Terry Kirk

Larry Summers: too busy in Washington to give his own speech

Mr Summers's speech will underline that the furtherance of the region's economic and democratic reforms "remains a priority". There will be continued encouragement for market-oriented reforms of which privatisation remains an important element. The InterAmerican Development Bank will be the main vehicle in support of these objectives, along with a heightened concern for social issues: health, education and the environment.

But for most of Mr Fall's listeners today, the most important words will be on trade, on how the Clinton administration views the idea of a hemispheric free trade zone. Latin American governments, having unilaterally lowered trade barriers, worry that the hitherto open US may become more protectionist under President Clinton.

"Latin America is the fastest growing market for US goods," said Mr Enrique Iglesias, president of the IADB. "We have to convince the US that we are part of the solution not part of the problem."

The administration is also committed to negotiate a trade agreement with Chile. Mr Mickey Kantor, the US Trade Representative, says he favours the extension southwards of the North American Free Trade Agreement, already signed with Canada and Mexico.

Yet, it is clear that this vision differs in important respects from that of President Bush, with its emphasis on economic growth. Mr Kantor talks of the importance of Nafta in "harmonising upwards workers' standards" and emphasises that the US supports Nafta on the basis that new side accords are negotiated on labour standards and the environment.

Some Nafta supporters worry that the tougher the restrictions imposed by the side agreements, the fewer the companies that will be interested in moving south to take advantage of Mexico's cheaper labour. That would please American trade unions but render the accord less useful to a Mexican government seeking investment.

Indeed, if the Clinton administration's vision of a hemispheric free trade area includes ideas such as these, it is less likely to receive widespread acceptance in Latin America's capitals.

Jamaican voters set to back reform

By Canute James in Kingston

JAMAICA votes today in a general election which opinion polls indicate will give the incumbent People's National party a clear victory. This would hand Mr P J Patterson, the prime minister, the mandate he is seeking to continue economic reforms started four years ago.

Mr Edward Seaga, leader of the opposition Jamaica Labour party and a former prime minister, has suggested, however, that the race will be closer than many expect.

A poll published at the weekend gave the PNP a 7 point lead and possibly 44 of the 60 parliamentary seats at stake.

The three-week campaign has been marred by violence. Ten people have been killed despite a code of conduct signed by political leaders committing all candidates to restraining their supporters.

Mr Patterson called the election 11 months earlier than necessary, apparently hoping to capitalise on dissent within the opposition. He took over the premiership a year ago when Mr Michael Manley retired because of poor health.

The electorate is being asked to decide on the style and form of the economy's management, rather than economic direction. The PNP has switched direction on economic policy, advocating and implementing free-market initiatives with the divestment of state enterprises and deregulation of the foreign exchange market.

Mr Seaga has argued, however, that the government has moved too far and too fast in deregulating the economy. Flotation of the Jamaican dollar 18 months ago was done too soon, he argues.

But the JLP's credibility was dented by a rebel faction attacking the leadership. Most of the rebels are back in the fold but another election defeat for Mr Seaga is likely to raise questions about his leadership.

Clinton health team considers axing Medicaid

By Michael Prowse in Washington

THE Clinton administration is considering phasing out the Medicaid programme for the poor under a wide-ranging series of reforms designed to make the healthcare system fairer and more cost-efficient.

Speculation that Medicaid might be abolished surfaced yesterday as the White House healthcare reform task force held its first public meeting in Washington, just five weeks before President Bill Clinton is due to send a reform proposal to Congress. The meeting is due to hear evidence from consumers, business, the medical profession, unions, minorities and the health insurance industry.

Mr Al Gore, vice-president, pledged at the beginning of a marathon session, scheduled to last 13 hours, that every American would be delivered from the fear of unpayable medical bills. He was standing in for Mrs Hillary Rodham Clinton, chairwoman of the task force, who was with her sick father.

Medicaid was set up by the Johnson administration in 1965 and is financed by state and federal government. The cost of the scheme has escalated sharply in recent years even though it covers only about half of those living below the official poverty line.

The New York Times reported yesterday that the task force was considering phasing out Medicaid as a way to end "segregation of the poor" in a low-quality programme in which access to care was more tightly restricted than for more affluent Americans. The administration was considering introducing several new benefits for the poor, including more generous dental care and transport to surgeries.

The reform plan is expected to be based on a variant of "managed competition". Leaks in recent weeks suggest the administration wants to group Americans in large regional "health insurance purchasing co-operatives" that would buy care on behalf of individuals and companies from networks of competing providers in the private sector. The hope is that the HIPCs would have the market power to drive a hard bargain with doctors and hospitals, thus restraining the rate of healthcare inflation.

But many prominent Democrats, including Mr Mario Cuomo, governor of New York state, are lobbying for more direct controls on the price and volume of medical services.

Providing standard health benefits for the 35m or so Americans without insurance is expected to cost between \$30bn and \$90bn a year, depending on the type of reform adopted.

Home sales rebound

SALES OF new homes in the US rebounded in February to grow 4.6 per cent to a seasonally adjusted annual rate of 595,000 units, according to government figures released yesterday, Reuter reports from Washington.

The rise last month follows a sharp 12.7 per cent decline in January, the worst in a decade.

Separate figures released yesterday showed US personal income rose 0.2 per cent in February to a seasonally adjusted annual rate of \$5,230bn (£3,683bn), after a gain of 0.5 per cent in January.

Spending increased 0.6 per cent in February to a seasonally adjusted \$4,260bn, following a gain of 0.3 per cent in January.

The savings rate - savings as a percentage of income - fell to 4.1 per cent from 4.4 per cent in January and December.

Wages and salaries, the most closely-watched component of income, fell 0.1 per cent, the first drop since September, following four healthy increases.

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Our business is built on forging long-term partnerships with our customers by providing high-quality equipment, efficient maintenance and, above all, flexibility.

It's an attitude that, over the last decade, has brought hundreds of millions of pounds in foreign earnings to these shores.

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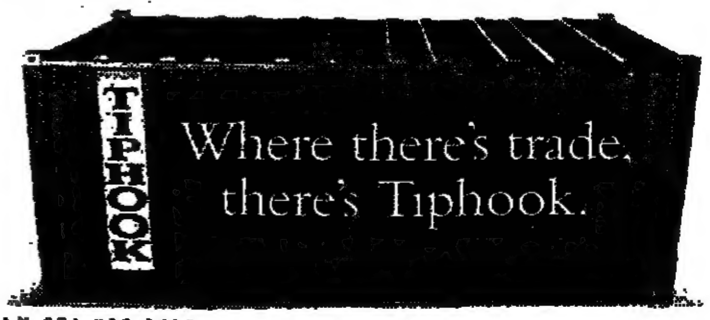

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World trade body's members look for leadership change

Dunkel to quit Gatt post

By Frances Williams in Geneva

MR Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, intends to step aside at the end of June when the six-month extension of his mandate granted last year expires.

Sources close to Mr Dunkel, who was appointed in 1980, said yesterday that he neither wanted nor expected to be asked for a second extension.

There had been suggestions Mr Dunkel might be requested to stay a further six months to oversee completion of the six-year Uruguay Round of global trade negotiations, already two years overdue. The new US administration has said it wants to finish the Round by the end of 1993.

But there seems to be growing consensus among Gatt members that new blood is needed, not only to help move the Uruguay Round negotiations but also to provide fresh leadership for the 106-nation organisation. Mr Dunkel's American deputy, Mr Charles Carlisle, has made clear his wish to step down this summer, and the second deputy post, traditionally held by a third world national, has been vacant since 1991.

Terry Kirk

Arthur Dunkel: neither wants nor expects a second extension

Gatt members, who appoint the director-general and deputies, have already begun the lengthy process of political horsetrading to achieve regional and economic balance between the top jobs. But, with Gatt's future dependent on the outcome of the Uruguay Round, they do not yet know if they are seeking a political heavyweight to run a powerful world trade organisation or a capable administrator to operate a contractual trade agreement.

Mr Peter Sutherland, former EC competition commissioner, who is Irish, is seen as a possible successor to Mr Dunkel, a Swiss. Other names floated include Mr Brian Mulroney, the ousted Canadian prime minister, Britain's Lord Lawson, and Mexico's President Carlos Salinas.

Mr Warren Lavorel, currently chief US negotiator for the Uruguay Round, has been tipped to succeed Mr Carlisle.

China to buy 12 Airbus aircraft

By Ariane Genillard in Bonn

CHINA is to buy 12 Airbus aircraft and is considering acquiring a further nine, Mr Günther Rexrodt, the German economics minister, announced in Beijing at the start of a four-day visit.

A first contract for the purchase of six Airbus A340s is due to be signed during his visit, he added, after meeting Mr Wu Yi, the Chinese foreign trade minister.

Chinese officials also presented the German delegation with a list of 200 acquisitions, worth about $30bn (£21.1bn). The purchases, spread over the next seven years, include steel works, high-speed trains, transport technology and telecommunications equipment. China is also considering buying two power stations and ships.

Links with east German enterprises should be strengthened by the creation of a trade commission, due to meet in Berlin in September. Short-term contracts for goods from east German enterprises, worth about $150m and mostly for textiles, were announced.

Swiss take a sterner line on arms-related exports

By Ian Rodger in Zurich

TIME was when the Swiss could, and did, get away with exporting weapons discreetly to anyone.

No more. Last Friday Mr Walter Gubler, chief executive of Pilatus, a small Swiss aircraft manufacturer, was dismissed after reports in the press that the company had sold aircraft to the Burmese government knowing they would be fitted with weapons.

According to other press reports, the company's PC-7 and PC-9 single engine training aircraft, modified for military use, had also been involved in conflicts in countries including Iraq and Angola.

Pilatus, a subsidiary of the Zurich based Oerlikon-Bührle weapons and engineering group, has admitted PC-9s were tested for weapons use in Burma in 1987 in the presence of two of its engineers.

At a hastily called press conference, Mr Ernst Thomke, chairman, admitted the company had made fundamental mistakes and offended the spirit of the Swiss war equipment law.

The company is clinging desperately to a SFr250m (£111.5m) order to sell 60 of its PC-7s to the South African government. Without the order there would be big redundancies among the 1,000 staff.

Shortly after the order was announced last December, the South African committee of the UN Security Council complained to the Swiss government that it violated the UN embargo on arms shipments to South Africa.

The Swiss government and Pilatus, backed up by Pretoria, said then that the aircraft were to be used only for training. They said the wings of the PC-7s needed to be strengthened to carry auxiliary fuel tanks because of the large distances flown in South Africa.

But as evidence emerged that other customers had used the under-wing auxiliary fuel tank attachments for bombs, the Swiss government changed its tune. Three weeks ago Mr Kaspar Villiger, the Swiss defence minister, threatened publicly to block the order "if it cannot be guaranteed that subsequent arming is ruled out by technical modifications".

Pilatus said last week that the wings of PC-7s and PC-9s ordered by certain countries would in future be modified so they could only carry additional fuel tanks.

S Korea deal for Eni subsidiary

NUOVO Pignone, the Italian turbines and compressors manufacturer, has signed a 10-year co-operation deal with South Korea's Halla Engineering and Heavy Industries group, writes Haig Simonian in Milan.

The agreement will allow the South Korean company to manufacture under licence Nuovo Pignone turbines of between 2MW and 10MW for the local market and neighbouring countries. Some crucial parts will continue to be supplied from Italy.

Among possible applications for the new turbines, used for driving compressors or generating electricity, is a planned 4,500km natural gas pipeline from Siberia to South Korea.

Nuovo Pignone, controlled by the Eni energy and chemicals state holding company, is high on the government's privatisation list.

Co-operation lifts Russian aero industry

Leyla Boulton and Paul Betts on the fruits of international links

A NEW spirit of international co-operation in the Russian aerospace industry bears its most elaborate fruit today when the first airliner to be jointly built by Russian and US companies is rolled out in Moscow.

The Ilyushin IL-96M is Russia's challenge to the new generation of long-haul wide-body airliners from the European Airbus consortium and Boeing and McDonnell Douglas of the US.

Powered by four US-built Pratt & Whitney engines and fitted with advanced US fly-by-wire technology and digital flight navigation equipment, the IL-96M will be able to carry up to 311 passengers in three classes non-stop on routes of up to 7,000 nautical miles. When it enters service around 1995 it will be competing against the Airbus A340, the Boeing 777 and 767, and the McDonnell Douglas MD11.

"We have worked with 18 American firms on this project. That's why it is truly a Russian-American plane," says Mr Genrikh Novozhilov, Ilyushin's general designer.

The long-haul aircraft is to be produced in Voronezh, in southern Russia. The partners in the venture are expected to try to sell it to hard-currency paying customers for about $75m, 25-30 per cent less than similar aircraft from the west.

Mr Novozhilov says the US and Russian partners have received requests for options on 30 aircraft from potential customers, including Russian International Airlines, Aeroflot's international division.

The IL-96M is not the only recent product of Russian aerospace collaboration with the west. Tupolev has equipped its TU-204 mid-range 200-seater twin jet airliner with Rolls-Royce engines to compete against the Boeing 757, and has targeted China, India and the Middle East as well as the former Soviet Union as potential markets.

Another Russian manufacturer, Yakovlev, is working with US suppliers to modernise its business and commuter aircraft.

Although the world commercial aerospace industry is undergoing a prolonged decline, western manufacturers believe Russia offers strong long-term potential. In its latest study of the industry, Boeing says despite short-term political and economic uncertainties, Russia offers not only a potentially large market but "substantial" aircraft manufacturing capability. Boeing estimates that the former Soviet market will require 2,000 new jets for internal services and 250 aircraft for international routes during the next 18 years.

"The technological potential is tremendous and the capacity is out of this world, but the financial situation is very tight and the structure of the Russian industry is complex and confused," says Mr Jürgen Schrempp, president of Deutsche Aerospace, which has been scouting for co-operation opportunities in Russia.

Mr Schrempp sees Russian manufacturers eventually co-operating on large scale projects, including the development of a 600-800 seat super jumbo or a next generation supersonic airliner. Both Tupolev and Ilyushin, which have their own designs for a high capacity aircraft, are candidates for such a venture.

Mr Louis Gallois, the head of Aérospatiale of France, signed a wide-ranging protocol with Russian manufacturers in Moscow this month earmarking six potential projects for co-operation. They included the development of the Mil MI-38 multi-purpose helicopter, the proposed Tupolev TU-334 medium-range airliner, liquid propulsion boosters for the European Ariane space rocket, co-operation with the Franco-Italian ATR regional aircraft group as well as collaboration in super jumbos and supersonic aircraft.

But financing and the industry's current structure remain big problems. Faced with an abrupt reduction in state subsidies, Aviastar, which builds the Antonov AN124 cargo aircraft and the TU-204 airliner, has begun to manufacture furniture and tractors to generate cash.

Apart from Aviastar's financial difficulties, common to the entire industry, there is also friction between the manufacturer and the Tupolev design bureau. The division between design bureaus and manufacturing facilities, which never mattered under the centralised control of a single aviation ministry now dissolved, has frustrated western partners. Aérospatiale, for example, has experienced such difficulties with the MI-38 helicopter.

Mr Novozhilov says he plans to create an inter-state corporation, merging his bureau with the factories which make Ilyushin aircraft, including one in Tashkent, the capital of newly independent Uzbekistan. "This will deal with everything, from design to serial production to after-sales service," he says.

There are some misgivings in Russia over the trend toward collaboration. Mr Novozhilov believes that Aérospatiale's proposal to Yakovlev to help manufacture and sell Franco-Italian ATR regional turboprops is one example of a western company "striving to break up" Russia's aerospace industry by taking advantage of its difficulties. With the IL-114, he argues Ilyushin already has its own equivalent of the ATR, and warns that the different design bureaus and Russian manufacturers are pursuing a dangerous policy of "each man for himself".

The Russian state has promised to focus support on industries it considers worth saving. There is no doubt that aerospace is one of them, but an industrial policy has yet to emerge.

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■ Labour criticises pit policy ■ Protestors urge industrial action ■ Generators sign deals

Government tries to avert revolt on coal

By David Owen and Michael Smith

MR MICHAEL Heseltine, trade and industry secretary, last night used the promise of "hundreds of millions of pounds" in subsidies to the coal industry in a bid to prevent a Conservative party revolt over last week's government policy document.

There was "a significant new market to go for", he said. "We have made it clear that the best hope for British Coal is to take advantage of the opportunity we have provided."

During a stormy House of Commons debate, however, a series of interventions by possible Tory rebels indicated that Mr Heseltine had not completely calmed fears that the 12 reprieved pits might not survive for more than a year.

These were exploited by Mr Robin Cook, Labour trade and industry spokesman, who made a a spirited plea to Tory MPs to join Labour in voting down the policy document.

Today was the day for Tories who had voiced displeasure at the original pit closure announcement last October to make good the promises they had made five months ago to Britain's mining communities, Mr Cook argued.

He challenged Mr Heseltine to explain where the market for the 13m tonnes the 12 pits would produce this year would come from, arguing that coal imports had only been forecast at 9m tonnes and contracts for 2m tonnes of this had already been signed.

Faced by Conservative demands to say whether he backed strikes threatened by miners, Mr Cook said the Union of Democratic Mineworkers ballot on possible action highlighted the extent of the government "betrayal".

Mr Cook went on: "If Tories support us in the lobbies tonight, there will be no need for this strike action."

Among Tory backbenchers who intervened in Mr Heseltine's speech, Mr Nicholas Winterton, the MP for Macclesfield, asked why he was not acting to engineer a level playing field for coal in competition with other fuels.

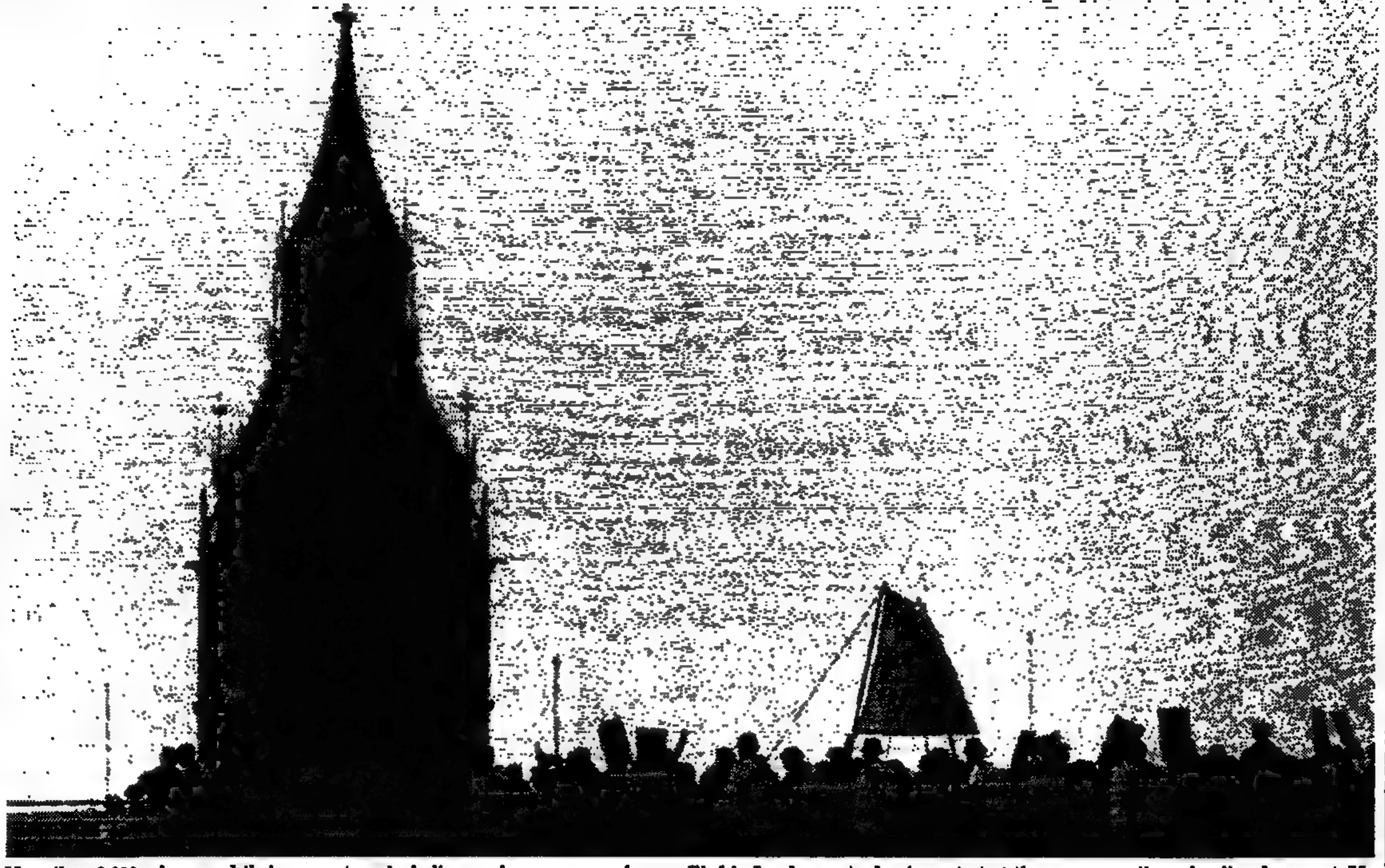
Mr Winston Churchill, leader of the Tory backbench coal group, charged British Coal with "directly sabotaging" Mr Heseltine's statement to MPs last week.

Mr Heseltine emphasised that no pit would be closed without the private sector having an opportunity to bid for it and set out fresh details of the circumstances under which subsidies might be offered to private mine operators.

He said he would be prepared to offer a subsidy to private-sector organisations which could demonstrate they had found a "genuinely" additional market for coal.

British Coal yesterday joined Mr Heseltine in admitting it could not forecast how big the extra market above the core contract would be. "The generators and rest of electricity industry will effectively decide the future for our pits," the company said.

Mr Heseltine riled opposition MPs by dwelling at length on Labour policy on coal in the 1970s. This prompted the retort from Mr Cook that the trade and industry secretary should have spared MPs his "rendition of a pantomime villain".



More than 2,000 miners and their supporters, including nuclear power workers, rallied in London yesterday to protest at the government's coal policy document. Mr Simon Hughes, the Liberal Democrat MP, and miners leader Arthur Scargill urged workers throughout the country to take industrial action to halt pit closures

Power industry agrees five-year coal deal

By Michael Smith

THE COAL and power industries yesterday completed deals under which generating companies will buy 160m tonnes of coal over five years and sell the electricity it produces for about £13bn to regional power companies.

The deals, notified to the Stock Exchange yesterday after nearly a year of intense negotiations, involve the sale of about 430 terrawatt hours of electricity from the generators to the regional companies.

They are based on an average price of 3.26 pence per kilowatt hour in the first year starting on Thursday, a 12 per cent reduction on this year, falling to 3.1p pence in the final year.

National Power, the larger of the two generators, said after the first year there would be a 1 per cent cut in real terms in each of the following four years in the cost of electricity to regional companies.

PowerGen said price reductions to the regional companies would amount to 17 per cent over the five years. Both companies said the full benefits of lower coal prices were being passed through to the regional companies.

This is disputed by the regional companies and many in the coal industry who say the generators are keeping some of the benefits.

The coal price in the first year is £1.51 per gigajoule, compared to £1.86 this year and will fall to £1.33 in the final year. British Coal will earn £5.5bn through the contracts.

National Power is buying 24m tonnes of coal in the first year and 18m in the four subsequent years. The agreements cover about 70 per cent of National Power's expected output in the first year, declining to 50 per cent in later years.

PowerGen, the other generator, is buying 16m tonnes initially and 12m in subsequent years. The generators are also committed to buying coal from private producers over the next five years, although contracts have still to be finalised.

Yesterday's contracts, which have been expected for several months, underpin price decreases by regional power companies of up to 3.5 per cent from April 1. Some companies have indicated they will reconsider less significant decreases or freezes following publication of the government's coal policy document and signing of deals concluded yesterday.

The signings mean British Coal and the generators will be free to discuss contracts for additional tonnages which will provide a future for some of the 12 pits reprieved by the government last week.

New companies created to boost investment and tourism

By John Willman, Public Policy Editor

LONDON FORUM, the private-sector body set up to promote London as a world city, is to create two organisations to attract inward investment and expand tourism.

The creation of two companies was announced yesterday by the Forum's chairman Sir Allen Sheppard, chairman of Grand Metropolitan.

One of the new companies – London Inward – will encourage business investment in the capital, with special emphasis on persuading international businesses to locate their headquarters in the capital. Led by Sir Colin Marshall, chairman of British Airways, it plans to take over First Stop Shop, an information centre operated by the City Corporation, Westminster City Council and London Docklands Development Corporation, to assist investors.

The other new company – London Visitors – aims to increase London's income from tourism by developing existing markets and targeting new markets in Japan, the European Community and the US.

It hopes to merge with the London Tourist Board, whose chairman, Sir Hugh Bidwell, will chair London Visitors.

The announcement was made at a conference of 250 executives, local government leaders and community organisations. Mr Michael Howard, environment secretary, told them London needed to fight harder in world markets to maintain and increase its share of future opportunities.

"We must all make the most of every opportunity to tell the world what London has to offer," he said.

US carrier to test bilateral air agreement

By Paul Betts, Aerospace Correspondent

EFFORTS by the UK and US governments to liberalise air transport between the two countries will be put to the test by an agreement by United Airlines to buy the London-Philadelphia route from USAir for $14.5m.

United, one of the three largest US carriers, said yesterday it planned to transfer the route to serve the London Heathrow to Chicago market.

The carrier said it would not go ahead with the route acquisition if it did not secure authority from the UK government to transfer the service to Chicago, its principal hub.

Under the UK-US bilateral aviation agreement, United cannot operate services from Chicago to London. But it hopes for approval for the switch following the US government go ahead for British Airways' $300m investment in a 19.9 per cent stake in USAir.

As part of the deal, USAir has agreed to dispose of three transatlantic routes to London Gatwick.

Mr Stephen Wolf, United's chairman, said the proposal to switch the Philadelphia route to Chicago presented the UK government with an early opportunity to show its commitment to expanding air services between the two countries.

United, together with American and Delta, had fiercely opposed the BA-USAir deal unless Washington secured greater access for US carriers into the UK market and especially Heathrow airport.

Mr John MacGregor, the transport secretary, is due to hold air liberalisation talks in Washington next month with his US counterpart, Mr Federico Pena.

Services from Heathrow to Chicago, the largest hub in the US, are currently operated by BA and American Airlines.

Mr Wolf argued United, the only US carrier barred from serving London from its main domestic hub, would boost competition on the Chicago route consistent with the approach that the new US administration had taken in approving the BA-USAir transaction.

"Under the current US-UK aviation agreement, additional airline service between Chicago and London has been blocked for 16 years," Mr Wolf said, pointing out that New York had three US flag carriers to London while Boston, Miami and Los Angeles each had two.

UK and Ireland to build £300m high-voltage link

By Clive Cookson, Science Editor

THE National Grid and Ireland's Electricity Supply Board are planning to build a £300m high-voltage link under the Irish Sea.

The cable – with a proposed capacity of 600 megawatts – would connect the Irish grid to the rest of Europe for the first time. It could also provide a much-needed export opportunity for the UK's coal-fired power stations in the late 1990s.

National Grid and ESB have just completed a detailed economic appraisal and engineering study of two possible routes. Surveys of the sea bed show that the cable could run from Dublin to Anglesey in north Wales or from Wexford to Pembrokeshire in Wales.

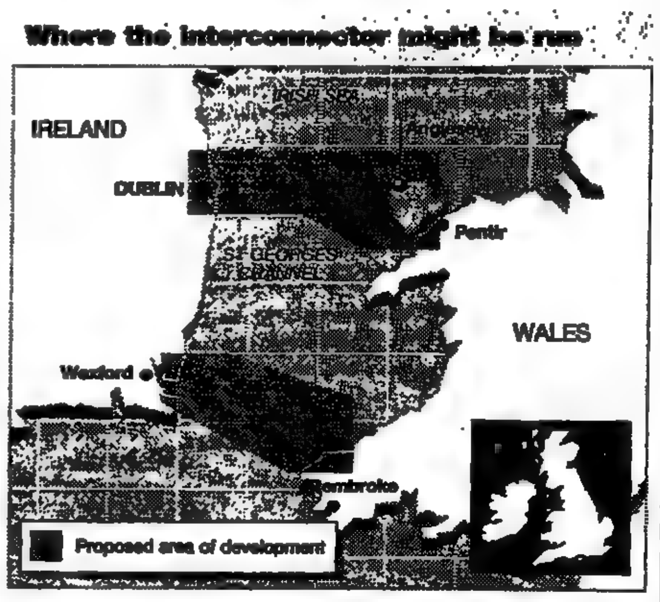
The next stage will be to arrange financing. According to the provisional timetable, the project could be approved within a year; construction would then start in 1995 and electricity would flow in 1998.

The two parties expect the EC to make substantial funds available. Earlier this month the EC agreed to contribute £61m towards the cost of a smaller 250 MW link between Scotland and Northern Ireland.

The electricity systems of Northern Ireland and the Irish Republic have been isolated since the 1970s when the cross-border interconnector was taken out of commission after repeated attacks by the IRA.

ESB is keen to end its isolation because Ireland's electricity consumption is still growing steadily and an international link is a much cheaper and more flexible way of meeting peak demand than building power stations. The proposed connection with Wales would expand Ireland's present generating capacity of 4,000 MW by 15 per cent.

Where the interconnector might be run



British Rail bids for new trains

By Richard Tomkins, Transport Correspondent

BRITISH RAIL'S InterCity business yesterday said it hoped to take advantage of the government's new rolling stock leasing arrangements by bidding for a £150m fleet of replacement trains for the London Euston to Manchester line.

If its bid succeeds, InterCity will order about 15 more high-speed InterCity 225 trains built by GEC Alsthom, the Anglo-French engineering company.

The 15 trains would replace those operating between London Euston and Manchester, and the displaced trains would replace out-of-date rolling stock between London and the West Midlands.

Intercity's bid, however, is subject to competition from Network SouthEast, which wants to use the £150m to lease a fleet of 40 modified Networker trains built by ABB Transportation (formerly Brel). These would replace outdated rolling stock on Kent coast routes across south east England.

Mr Roger Freeman, minister for public transport, is expected to announce a decision on the bids after Easter.

Details of InterCity's bid came as Mr Chris Green, InterCity's managing director, unveiled a spring marketing campaign which is aimed at countering the effects of the recession.

The most unusual element is a joint promotion with Shell offering motorists free InterCity train tickets in exchange for vouchers they will receive with their petrol.

Shell said it expected most tickets handed out to be for journeys that would not otherwise have been undertaken, or at least not by road.

Other features of the InterCity spring campaign include:

- Afternoon tea and weekend restaurant car services will be restored on selected services in response to passenger demand.
- The InterCity shuttle will offer high-frequency turn-up-and-go services from London to the West Midlands, East Midlands and East Anglia.
- Cheapest tickets in real terms since 1948 will be available through the extension of Apex fares to all Intercity journeys of more than 150 miles.

Protests continue at Timex plant

By James Buxton, Scottish Correspondent

A NOISY demonstration outside the Timex watchmaking plant in Dundee passed without violence or arrests yesterday. A bus carrying left wing demonstrators from Glasgow arrived nearly one and a half hours late after twice being stopped by police.

More than 400 people gathered at the plant to protest at the actions of the US-owned electronics company, which last month sacked its 340-strong manual workforce after a strike and hired 200 new workers.

The demonstrators jeered as buses carrying the new workforce went through the plant gates but did not attempt to block their path.

Last Monday 16 people were arrested at the scene in the worst picket line violence in Britain for several years.

Trade union leaders subsequently appealed for demonstrators to stay within the law. The appeal was aimed at left wing groups such as Scottish Militant Labour which took part in last Monday's demonstration.

Britain in brief

Leyland Daf managers win bank backing

Managers seeking to buy out Leyland Daf's six truck assembly and distribution operations in Africa have won backing from the City-based Standard Bank London.

Neither the bank nor the buy-out team would provide details of the form the support might take. The buy-out attempt is being led by Mr Arthur Zammit, managing director of Daf International, based at Eindhoven in the Netherlands.

Daf International was responsible for the former UK-Dutch truck manufacturers' overseas sales but the six African companies form part of the Leyland Daf receivership in the UK.

Carrier order may save yard

The government has thrown a lifeline to Swan Hunter, the north east shipyard, by reviving plans for a specialised naval helicopter carrier, expected to cost about £170m.

The carrier emerged as a prime candidate for cancellation earlier this year in order to help the Ministry of Defence meet the budget cuts imposed in last November's public expenditure settlement.

After intensive lobbying by naval chiefs and by Swan Hunter, Mr Jonathan Aitken, defence procurement minister, said yesterday in a written parliamentary answer that the MoD was keeping the carrier in its programme and expected to place an order later this year.

Rover in talks on new MG

Rover, the motor vehicle subsidiary of British Aerospace, is in advanced negotiations with Mayflower, the specialist UK engineering company, to form a co-operative venture for the production of a new range of MG sports cars.

The new model code-named PR3, would be a small, mid-engined roadster that could be ready for launch by 1995/96. The new model is designed to resurrect the MG marque and return it to mainstream sports car-making, a market segment dominated in recent years by Japanese carmakers with products such as the Mazda MX-5, following the earlier demise of UK makes such as MG and Triumph.

Royal Opera faces setback

The ambitious £150m development plan for the Royal Opera House site in Covent Garden could face a setback tonight when a Westminster City Council committee is expected to seek assurances that sufficient money will be available to complete the whole project. The city council, which gave planning permission for the four-phase scheme in 1990, still accepts the merits of the redevelopment in principle, but is against piecemeal expansion. It is not convinced the ROH has sufficient funds to complete as promised.

Redundancies at VW importer

VAG (United Kingdom), the importer/distributor of Volkswagen and Audi vehicles, has introduced a voluntary redundancy and early retirement programme in order to make further reductions in the company's workforce of 780.

The company has already cut its workforce by 38 per cent in the last three years from 1,250 in 1989.

Sales of lift trucks rise 25%

Sales of lift trucks and other warehouse equipment have risen by 25 per cent year-on-year in the past four months, raising hopes that the three-year recession in the UK materials handling industry is over.

Agency faces sell-off

The government is likely to move further towards the privatisation of Companies House, the government's corporate information agency, in an announcement expected soon.

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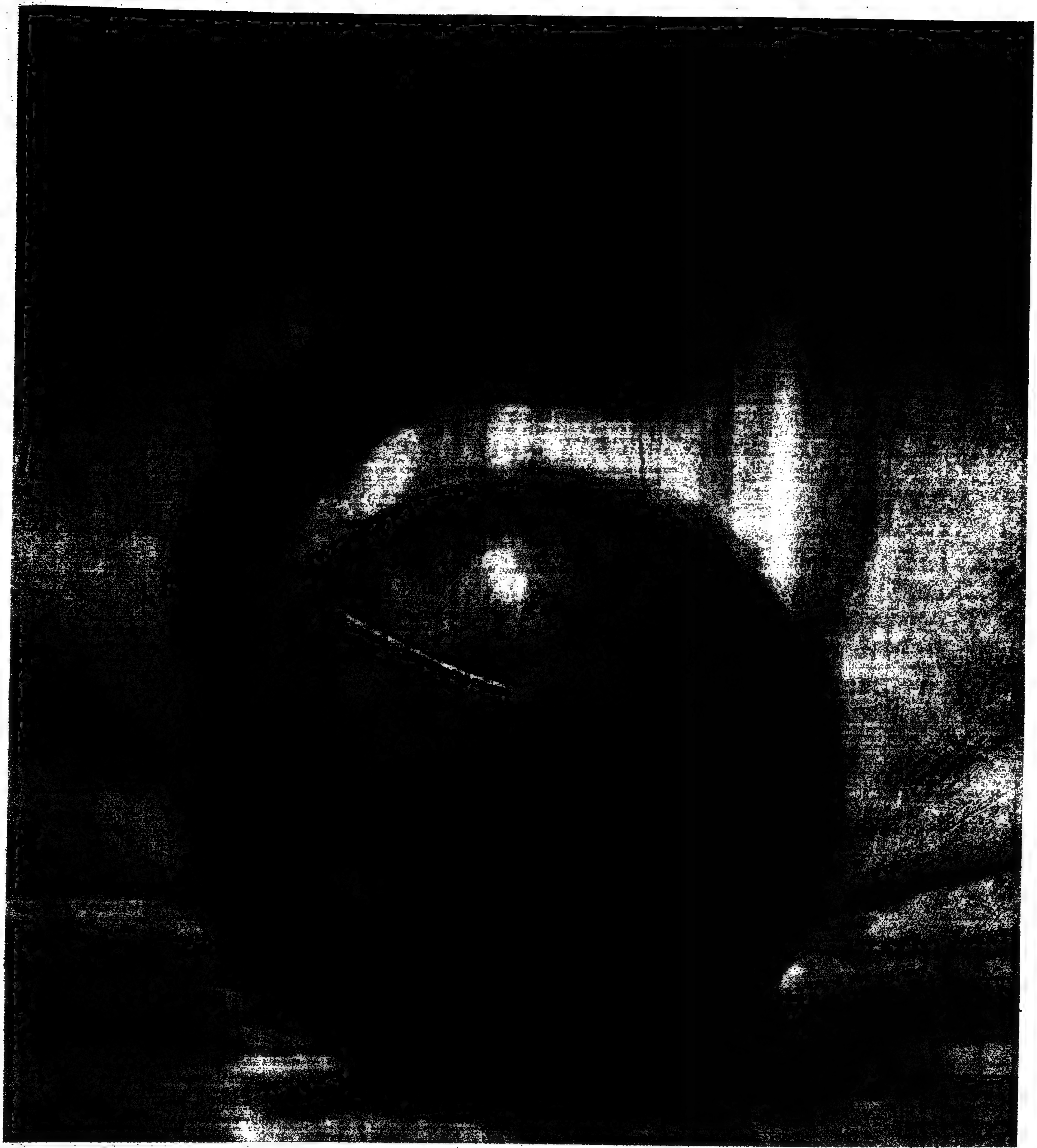

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In a Nutshell

Inventive ways with financing

A tough fund-raising climate is forcing venture capital companies to become ever more inventive in obtaining finance. Baronsmead, a medium-sized, independent venture firm, has devised a funding programme which draws on investors' money on a deal-by-deal basis and allows investors to withdraw at any time.

The Direct Equity Programme will also allow investors to choose, within reason, the companies their money is invested in. Baronsmead will take a 20 per cent stake in any capital gain and also 20 per cent of income received from investments. It expects this share in income to amount to about 2 per cent of invested funds, against the 2-2½ per cent management fee normally calculated on funds under management.

Two investors, the Merseyside Superannuation Fund and GRE Asset Management, have put up more than £5m, though investments of between £500,000 and £1m will be more typical.

Baronsmead, which has £60m under management, initially started a conventional fund-raising drive, but switched to what it believes is a more flexible programme. Investors may withdraw before or even after their funds have been invested, though this may require Baronsmead to dispose of investments at short notice.

Extending support for young people

The Prince's Youth Business Trust, which provides loans, grants and business advice to unemployed or disadvantaged people aged 18 to 25, is to extend its support to 29-year-olds from July 1. Many of the unemployed are in this older age group, the trust said.

PYBT, 5 Cleveland Place, London SW1Y 6JJ. Tel. 071 321 6500.

Getting the green light

Hester Thomas looks at three companies which have become environmentally aware

Coming from South Africa to manage Berger Aus Berg, manufacturers of metal drum closures in Peterlee, Co Durham, Richard Swart arrived with fresh eyes. He was immediately aware of the UK's different seasons and dark winter afternoons, plus the toll they take on energy consumption – not least of all in his factory.

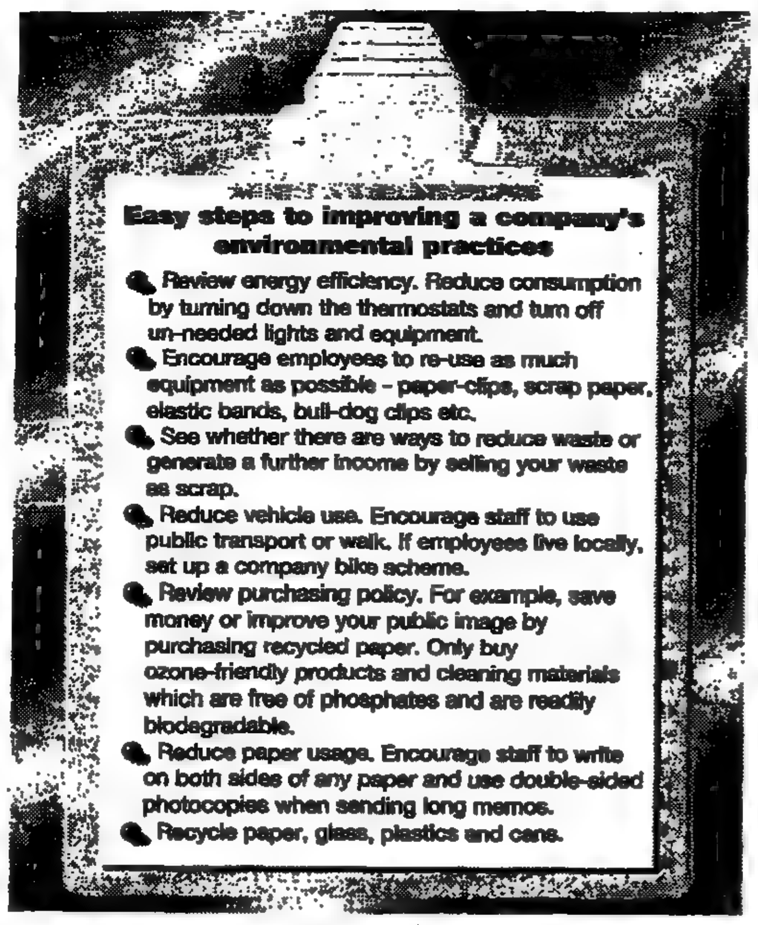
At the same time, Swart discovered that while environmental issues are not as high on the South African agenda, in the UK his company was operating in the packaging industry – which is acutely environmentally conscious. Linking the need to tackle Berger Aus Berg's energy consumption with a need to learn more about environmental issues, he decided it was time to review the company's environmental practices.

Increasingly, companies are paying more attention to their environmental performance. While many do it to ensure they are meeting UK and EC legal requirements, others are interested in quantifying their environmental impact and using the information to maintain good relations with their local community, customers, suppliers or even investors. Companies which have their sights set on achieving BS 7750 – a recently published British standard for Environmental Management Systems – or other similar schemes, know they must first set their house in order.

Ironically, when Hedda Bird formed Conservation Papers in Reading in 1988 the last thing she thought about was "making the company greener than green". This was despite the fact that it was operating in an environmentally conscious area, marketing recycled paper to the business community. Yet within six months her attitude changed. "Everyone – including us – rapidly became much more sophisticated and knowledgeable about environmental issues," she recalls.

Three years later, Dorothy Mackenzie formed the London-based marketing consultancy Dragon International, which is run on environmentally friendly lines. "We provide environmental consultancy," explains Mackenzie, "and to have credibility with clients we needed to practice what we preached."

Although all three companies have analysed their environmental practices, only Berger Aus Berg has paid for an independent environmental review. Last summer it commissioned Groundwork Foundation's Environmental Review Service to see what environmental improvements could be made. The review took three days with Groundwork – which is supported by the Department of Environment, BP and the Countryside Commission – looking at energy use, waste management, legal compliance, recycling and potential cost savings.



Easy steps to improving a company's environmental practices

- Review energy efficiency. Reduce consumption by turning down the thermostats and turn off un-needed lights and equipment.
- Encourage employees to re-use as much equipment as possible – paper-clips, scrap paper, elastic bands, bull-dog clips etc.
- See whether there are ways to reduce waste or generate a further income by selling your waste as scrap.
- Reduce vehicle use. Encourage staff to use public transport or walk. If employees live locally, set up a company bike scheme.
- Review purchasing policy. For example, save money or improve your public image by purchasing recycled paper. Only buy ozone-friendly products and cleaning materials which are free of phosphates and are readily biodegradable.
- Reduce paper usage. Encourage staff to write on both sides of any paper and use double-sided photocopies when sending long memos.
- Recycle paper, glass, plastics and cans.

Swart has already implemented several of Groundwork's recommendations. For example, it advised the company to reduce its energy consumption by altering the factory's lighting. The factory had previously had to have all its lights on when only half were needed. Swart expects future electricity bills for lighting to be 50 per cent less and will recoup his investment within eight months.

Groundwork also advised the company to take pallets and bags it receives from suppliers and re-use them when sending products to its customers. This it has done with impressive results. In the past, most transport packaging costs were passed on to customers. By re-using packaging the costs have been significantly reduced. Customers have been informed about this reduction in charges.

At Conservation Papers, staff had been running the company along environmental lines to the best of their abilities. However, in 1992 they adopted a more formal approach and joined an Environmental Business Challenge, launched by Reading Borough Council, to help companies develop and implement an environmental policy. "It gave us a structure to work with," says Bird, "and most of the changes we've made have been as a result of it." In an attempt to reduce its energy consumption by up to 15 per cent, Conservation Papers has taken some simple steps, turning down thermostats and switching off heating at weekends.

"At Dragon International, Mackenzie and her colleagues assessed the environmental impact of all they did from the first day. Setting the company up, they purchased second-hand "recycled" furniture – furniture which does not contain tropical hardwoods, bought a photocopier for double-sided copies and decided against supplying company cars. Staff are encouraged to use bicycles or public transport.

The company buys recycled non-chlorine bleached paper, re-uses scrap paper, re-cycles its paper and laser printer toner cartridges, fits long-life light bulbs, uses environmentally sensitive cleaning equipment and supplies china rather than disposable cups.

Being environmentally sensitive brings costs with it. Berger Aus Berg has spent £600 on an electrician's bill and £150 on Groundwork's fees. Conservation Papers spent £70 on automatic door closures. Dragon International's main expenditure will be on better insulation and a more efficient boiler for its offices costing several hundred pounds.

Although all the companies have spent several hours discussing environmental practices with staff, none has found the process disruptive. "Everyone starts thinking along the same lines," explains Mackenzie. Swart has seen his employees change their attitudes. "At first they were curious about the review," he says. "Now they tell me what we can do to make further environmental improvements."

There are other benefits too. All the companies have reduced their overheads by implementing energy saving measures and all expect to recoup the investment within two years in lower energy bills.

Perhaps what is surprising is how many benefits have been gained through relatively few changes. To a large extent these companies have simply made sure their housekeeping is in good order – albeit under an environmental umbrella.

Although none has gone out of its way to promote the changes, all the companies expect that one day they will have to justify their environmental practices. To that end they are continuing their environmental programmes.

Problems of the generation gap

Tim Dickson visits a Swiss school specialising in family business issues

What is the right time for a family business to hand on to the next generation? How do you deal with family members who are not active in the firm? How do you go about selling up when you want to retire?

Alden Lank is preoccupied with such issues not because he is actually facing any of the challenges himself. As Professor of Family Enterprises at the International Institute for Management Development in Lausanne, Switzerland, though, he runs twice-yearly courses aimed at resolving them for others.

There are plenty of European academic chairs in small and medium-sized enterprises or entrepreneurship these days – but IMD claims to be one of just two business schools on this side of the Atlantic to specialise in the problems of family firms. The other is at Barcelona.

Lank accepts that there is an overlap with SMEs and entrepreneurship – but the family business field, he stresses, has its own literature and is by no means exclusively concerned with the small business.

Family controlled enterprises account for one third of all companies in the Fortune 500, anything between 75 per cent and 99 per cent of all companies in the EC, and 65 per cent of GDP and employment in Europe. "The very small business – the Mom and Pop shop – is certainly not our cup of tea," emphasises Lank.

The macro-economic rationale for his 3½-day course is that a mere 17 per cent of start-ups survive into the third generation. It all started because of the conviction of a second-generation Canadian businessman that management training was sadly lacking on the European family business scene. His message initially fell on deaf ears at IMI-Geneva, one of two Swiss schools that merged to form IMD in 1989. In the end the chair was endowed by Stefan Schmidheiny, owner and chief executive of the Swiss family group which developed and marketed the "Swatch" watch.

An important feature of the IMD course is that family members from two generations of the same firm often attend, and indeed are encouraged to do so. "We've had five members of the same family", says Lank. "We love it when the spouse and the children attend. "They often use the classroom to pass messages which they couldn't articulate back home. In one case we had a mother and son effectively blaming each other's generation for what was going wrong. It was very dramatic. No one was interrupting."

Adds Joachim Schwass, executive-in-residence at IMD: "The family influence can and should be positive. There needs to be a common vision. Disagreements can sink companies." Schwass should know, since this is what happened in one part of his family business.

Rather than the general management skills taught on most business courses, IMD concentrates on problems of succession, conflict management, the impact of the family on corporate culture, strategy, remuneration, and governance. Not surprisingly governance provokes some of the hottest debate, especially when the subject of non-family directors is raised. "Individuals have the chance to meet in small groups to discuss problems of common concern with others of similar background, as well as with the faculty," says Lank.

To date the courses have ranged from as few as nine participants ("too few") to 30 ("the upper limit"). "Students" have come from as far afield as Chile, Australia, Singapore, the Philippines and Egypt, although the Scandinavian countries, Switzerland and the UK tend to be the best markets.

The course is restricted to owner-managers, family owners, and family managers, though "outside" chief executive officers are eligible if accompanied.

The next one will run from June 27-30 and costs SFr5,500 (£5,668) for the first participant, and SFr5,000 for each additional family member. Write to IMD, Registration and Information Office, Chemin de Bellerive 23, 1007 Lausanne, Switzerland.

BUSINESS OPPORTUNITIES

"Funds" available for deep discount rights issue underwritings. Companies in the £1–15 million capitalisation range, underwriters interested in retaining not less than 20% of enlarged company. No interference with existing management. All sectors considered. Prompt decisions. Enquiries treated in strictest confidence.
Write to Box A4805, Financial Times, One Southwark Bridge, London SE1 9HL.

This advertisement has been approved by Carson Beckman, Chartered Accountants, who are authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales.

CHANNEL ISLANDS
Offshore Company Formation and Administration. Also Liberia, Panama & BVI etc. Total offshore facilities and services.
For details and appointment write Croy Trust Ltd., Belmont House, 2-6 Belmont Rd, St Helier, Jersey, C.I. Tel: 0534 78774, Fax 0534 35401 Tx 4192227 COFORM C

Management Buy-Out
What is your company worth?
PC spreadsheet valuation model, as used by venture capitalists. £49.95 + VAT.
For further details contact:
BIAS (London) Ltd.
28 Grosvenor Street, London W1X 9FE
Tel: 071-917 9711 Fax: 071-917 6002

BUSINESS WANTED

RETAIL BUSINESS REQUIRED

Our client, a profitable independent department store group, has funds available to expand and seeks to acquire companies in the retail sector which:-

- Are located in the U.K.
- Are profitable or capable of being rendered Profitable by reducing gearing and/or expenses
- Occupy a strong market position
- Will typically involve a cash investment of of between £1M and £10M

If you have an interesting proposition, please contact in strict confidence:
Rick Sopher, Corporate Finance Partner
At Stoy Hayward, 8 Baker St., London W1M 1DA
Tel. No. 071 486 5888 Ext 2160

Authorised by The Institute of Chartered Accountants in England & Wales to carry on investment business.

BUSINESSES WANTED CONFERENCES, PUBLISHING AND COMMUNICATIONS

Established company is seeking to acquire businesses in publishing, conferences (business to business), trade exhibitions and companies operating in the information services market.

Please reply in strictest confidence to :
A4911 Financial Times, One Southwark Bridge London SE1 9HL

INTERNATIONAL GROUP OF COMPANIES SEEKING TO ACQUIRE FOR CASH, BUSINESSES ENGAGED IN THE FOLLOWING SECTORS:

PLANT HIRE, COMMERCIAL VEHICLE HIRE, FORK TRUCK HIRE, CONTRACT HIRE OR LEASING PORTFOLIOS.
PROMPT NEGOTIATIONS AND DECISION.

Write to Box No. A4801, Financial Times, One Southwark Bridge, London SE1 9HL

We are in contact with a substantial number of major PLC's in mergers and acquisitions who are constantly looking to acquire sound companies.
We would be pleased to hear from controlling directors or principals of companies wishing to sell with minimum turnover £¼ million and pre-tax profits £50k with no upper limit.
For further details please telephone Mark Dunn A.C.A. on 061-833 4290 or fax: 061-834 8722

Touche Ross

Business Wanted

North West company, with property portfolio currently worth £10 million is interested in acquiring North West industrial and commercial property companies with tax losses.

Please send initial information to A. Shah, Touche Ross Corporate Finance, Abbey House, 74 Mosley Street, Manchester M60 2AT. Fax: 061 228 2021.

Deloitte Touche Tohmatsu International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

MAIL ORDER/ FULFILMENT HOUSE
Expanding fully-quoted PLC seeks to acquire established mail order/fulfilment house in South East to expand and also handle in-house lines. Existing management retained.
All replies, which will be treated in confidence, to: Box 4841, Financial Times, One Southwark Bridge, London SE1 9HL

WANTED MAIL ORDER COMPANY TURNOVER £2 - 6m
In clothing/apparel related two entrepreneurs looking for suitable operation to buy into or joint trade with.
Please apply to Box A4829, Financial Times, One Southwark Bridge, London SE1 9HL

NORTH WEST BASED TRADING AND INVESTMENT GROUP SEEK TO ACQUIRE
Forward order based company with major part of sales, delivered between January and June. T/O £1m upwards profitability not essential. All sectors considered.
Write to Box A4838, Financial Times, One Southwark Bridge; London SE1 9HL

CONFIRMING HOUSE
Overseas company with no UK interests wishes to purchase Confirmer.
Please write to:
Box A4896, Financial Times, One Southwark Bridge, London SE1 9HL

ACQUISITION SOUGHT
We seek to acquire metal manufacturing business or a business that requires metal parts. Does not have to be profitable. T/O must be at least £500K
Details to Box A4757, Financial Times, One Southwark Bridge, London SE1 9HL

Our client wishes to acquire a company with excess management expenses carried forward and a low net asset value.
Please write to box A4826 Financial Times, One Southwark Bridge, London SE1 9HL and enclosing details and asking price

BUSINESS SERVICES

DIGITAL TELEPHONE SYSTEMS
Cost effective call management. FLEXIBLE TERMS with no long term commitment. Rental/Lease. Full maintenance. Free consultation. For the most competitive quote call today - 0920 466586

"green shoots"
About 600 Ltd fledglings start trading monthly. They will buy Pensions Insurance Printing Copiers etc. For this unique monthly list of company names & working addresses, contact: Mulberry House Ltd 9 Oakhill Road London SW15 2QJ or
TEL: 081 875 0665

Shared Office in E.Germany
English company fully operational in new Germany States offers shared office facilities in Saxony. Ideally situated between the main cities of Dresden, Chemnitz and Leipzig this modern office provides all facilities (including secretarial) and an ideal low cost start up or base for your operations in Germany.
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IS YOUR CASHFLOW END OF THE ROAD?
We will save your company through emergency restructuring.
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YOUR OFFICE IN LONDON From 70p a day. AccomTel Ans/Tlx/FaxMail Box etc. Office Box Tel: 071 436 0766 Fax: 071 580 3729

HARLEY STREET BUSINESS CENTRE. Fully serviced offices, business address, boardroom, all secretarial services plus low telephone and message taking for further details. Phone: 071 637 5505.

GROSVENOR STREET, W1 Lux. furn. serviced offices, sec., fax & telex, fr. £70 pw, short/long let. Tel: 071 493 7630.

BUSINESSES FOR SALE

Touche Ross

Euro-Taag Limited
(In Receivership)

The Joint Receivers, R. W. Wilson and D. C. Griffith offer for sale the business and assets of the above company.

- Manufacturer of Tantalum Capacitors and associated products.
- National and International Quality Standard BS9000 and CECC.
- Leasehold premises at Glenrothes, Fife – 5500 square feet.
- Turnover 1991 £600,000, 1992 £440,000.
- Customer base primarily defence, professional and aerospace.
- Small highly experienced workforce.

For further information contact J. R. Y. Dickson or Mrs B. Kirby at the address below.

Deloitte Touche Tohmatsu International
6 Rutland Square, Edinburgh EH1 2AU.
Tel: 031 229 2208. Fax: 031 229 0842.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

THE BUCKATREE HALL HOTEL
Telford, Shropshire

A 3 Star, 5 Crown commended, commercial hotel in rural setting with own lake and gardens.

- 64 en suite letting bedrooms
- Function room (170)
- 4 Conference/Syndicate rooms
- 120 Cover restaurant
- Planning permission for 14 additional bedrooms, swimming pool and health suite

Offers in excess of £1,950,000 freehold.

For further details contact: Jeremy Hill
021 456 1222

CHRISTIE & Co

SUBSTANTIAL HOME COUNTIES INDEPENDENT FINANCIAL ADVISER
Strong consulting team, client base and credentials seeks alliance with or sale to an institution or PLC requiring client base development and/or income generation. Principal Only
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COUNTRY WINERY
Modern winery, including historic barns, on-site shop and period cottage, producing fruit wines and mead. Going concern currently £0.5m sales, rapidly expanding. Over 450 retail and on-trade customers.
Contact: J.P. Schooler, Fax: 0428 707654

Simson Pimm Ltd

The Joint Administrative Receivers offer for sale the business and assets of Simson Pimm Ltd., in whole or in part, as a going concern.

The business, established in the 1930's, is located in Hertford and is a leading independent manufacturer of envelopes for the greeting card industry.

Salient features include:

- Annual turnover of some £6 million, including European exports.
- 3 acre freehold site incorporating factory, offices and storage facilities.
- Substantial specialised plant and machinery.
- Stock and work in progress.
- National reputation in the industry and sound performance record.
- Extensive order and prospect list, with established customer base.

For further information please contact the Joint Administrative Receiver, Tony Thompson, KPMG Peat Marwick, Aquis Court, 31 Fishpool Street, St Albans, Hertfordshire, AL3 4RF. Tel: 0727 843000. Fax: 0727 864423.

KPMG Peat Marwick

LMC Manufacturing Ltd.

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of the above company which specialises in the manufacture and distribution of body panels to the motor trade.

Principal features include:

- Long established business.
- Major supplier to the industry.
- Turnover in excess of £2m pa.
- Extensive customer list.
- Fully equipped press shop and toolroom.
- Extensive stocks of car body panels/wings/bonnets/bumpers etc.
- 70,000 sq ft freehold property on a six and one half acre site in Trowbridge, Wiltshire.
- 30,000 sq ft leasehold premises in Westbury, Wiltshire.
- 6,500 sq ft leasehold premises in Leatherhead, Surrey.

For further information please contact the Joint Administrative Receiver, Mike Blake, KPMG Peat Marwick, First Floor, Abbots House, Abbey Street, Reading, Berkshire RG1 3BD. Tel: 0734 505555. Fax: 0734 591710.

KPMG Peat Marwick

James Graham & Co (Timber) Limited

The Joint Administrative Receivers offer for sale as a going concern the business and assets of the above company which went into receivership in November 1992.

Following a period of restructuring the company is now trading profitably and has maintained a strong forward order position.

This timber firm is engaged in sawmilling, truss fabrication, joinery and operates 6 trade depots at Hartlepool, Middlesbrough, Darlington, South Shields, Bishop Auckland and Newcastle upon Tyne.

Salient features include:

- *Freehold premises including a 12 acre site with nearly completed new factory*
- *Modern machinery*
- *Strong and long established customer base*
- *Highly skilled and loyal workforce*
- *Turnover in the 4 months of receivership circa £1.75 million.*

All enquiries to Roger M Griffiths, Joint Administrative Receiver, Ernst & Young, Central Exchange Buildings, 93A Grey Street, Newcastle upon Tyne NE1 6EJ. Telephone: (091) 221 1222. Facsimile: (091) 261 2916.

ERNST & YOUNG

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment business.

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS DERMOT POWER FCA DAVID SWADEN FCA
IN THE MATTER OF

RADDON COURT 2000 LIMITED

Offers are invited for the business and assets of the above company.

- Extensive DIY and Kitchen Supply Business.
- Extensive Property interests with potential.
- Established over 20 years with turnover of £3 million p.a.

Enquiries should be addressed to Colin Burke or Frances Henshaw at:-
Leonard Curtis & Partners, Chartered Accountants
Peter House, Oxford Street, Manchester, M1 5AB
Tel: 061 236 1955 Fax: 061 228 1929

FOR SALE
Well established profitable English language school with large international clientele and very good reputation. Excellent facilities and substantial freehold premises in Cambridge. Highly qualified and experienced staff. Opportunities for expansion of activities.
Owner wishes to retire.
Please write to Box: A4823, Financial Times, One Southwark Bridge, London SE1 9HL

Wallpaper
Southern USA, regional Commercial & Residential Wallcovering distributor for sale. Well established, supporting renown product. Experienced management & good facility in low cost region.
All replies write box A4810 Financial Times, One Southwark Bridge London SE 9HL

MOTOR DEALERSHIPS FOR SALE

- TWO ESTABLISHED DEALERSHIPS REPRESENTING MAJOR MANUFACTURERS
- IN THE NORTH WEST OF ENGLAND AND SOUTH WALES
- PREMISES IN GOOD LOCATIONS
- FOR SALE AS GOING CONCERNS
- FRANCHISE TRANSFER SUBJECT TO MANUFACTURERS' AGREEMENT
- DISPOSALS ARISING FROM NETWORK RATIONALISATION
- ANNUAL SALES APPROX £5M AND £8M

PRINCIPALS ONLY APPLY TO BOX: A4844 FINANCIAL TIMES ONE SOUTHWARK BRIDGE LONDON SE1 9HL

HOTELS & LEISURE

UPON THE INSTRUCTIONS OF THE RECEIVERS - PANNELL KERR FORSTER

THE MARINE HOTEL, SALCOMBE

Uniquely beautiful location on one of England's loveliest Estuaries. 51 Letting Bedrooms. Relaxing atmosphere pervades Lounge areas, Cocktail Bar, Restaurant (125 covers), Conference Room. Extensive Sun Deck, "Waves" Leisure Complex with large indoor Pool. Large kitchen. Separate Staff House. Lawned Garden. 44 Car Parking Spaces. T/O £1,428,395 excl. in Year to 31/10/92.

THE CARLTON HOTEL, BOURNEMOUTH

One of the most prestigious Hotels in the South of England. Magnificent Accommodation overlooking Bournemouth Bay. 70 Bedrooms/Suites and luxurious Public Rooms. Fine Conference/Seminar Rooms. Health Suite. Hairdressing Salon. Superb German Kitchen. Landscaped Gardens. Heated Outdoor Pool. Extensive Car Parking and undercover Parking. SEPARATE TIME SHARE WING comprising 17 luxury Apartments (approx 1/3rd Time Share weeks unsold). T/O £2,094,977 excl. in Yr to 31.10.92

THE MIRAMAR HOTEL, BOURNEMOUTH, R.A.C. 3 STAR RATING

Most attractive Hotel of unusual charm justly described as Bournemouth's only Country House Style Hotel. Beautiful location facing directly out to sea and overlooking the Purbeck Hills. 40 Bedrooms, Restaurant, Lounges, Cocktail Bar, Function Suite(s). Excellent car parking. Popular Dining/Wedding/Function venue. T/O £816,535 excl. in Yr. to 31.10.92

OFFERS INVITED INDIVIDUALLY, OR AS A GROUP
All enquiries to SOLE AGENTS

Goadsby & Harding
0202 299300

FOR SALE - SUBSTANTIAL COPY SHOP/ REPROGRAPHICS SUPPLIES BUSINESS IN ITALY

This profitable copy shop operation comprises six retail outlets with a strong customer base and wide range of equipment including high speed copiers, colour machines and engineering equipment.

Successful and well established retailing of reprographics supplies, is also carried out at each location.

1992 revenue was lira nine billion (approx. $6m.)

The outlets are in the major cities of central and northern Italy and all are trading profitably.

Staffing is twenty people with three managers and specialist salesmen focussed on major account business.

Freehold property is also available.

This disposal is being made by a leading multinational in line with core business restructuring.

Write to Box A4828, Financial Times, One Southwark Bridge, London SE1 9HL

ALGARVE - PORTUGAL LEISURE COMPLEX - FOR SALE
One of the Algarve's foremost established leisure complexes close to Albufeira.
Available as one lot or individual operating units.
"Michael's" 550 Seat Theatre/Restaurant.
Wild Waters Family Fun Park
7 Restaurants - 1 Pub - 2 Bars
Development site
Total area 28,000 m2
For detailed brochure, contact:
Morgan Brown & Spofforth Chartered Accountants
Rosebery House, 61 South Street, Epsom, KT18 7PX
Tel: 0372 743816
Fax: 0372 720940

Due to Proprietors illness
Luxurious Hillside Spanish Hotel For Sale
1 hour from Barcelona- Magnificent Views -Freehold with considerable land - 28 bedrooms with ensuite facilities
Owners Suite- Restaurant -Function Room - Bar-
Provision for Swimming Pool
Any Reasonable offers considered.
For further information please contact
Brewers & Co
Tel: 0483 274178
Fax: 0483 271959

JAPANESE 4x4 FRANCHISE GARAGE
Midlands location. Well established business and one of the top performers within the UK dealer network. Modern premises. Freehold or leasehold. An ideal opportunity to acquire a niche business in the rapidly growing 4x4 market. Only serious principals with adequate funds.
Please reply in strict confidence.
Write to Box: A4839, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE
Small Limited Company specialising in hydraulic/pneumatic tool distribution in UK. Based in South Yorkshire in own building. Solid order book and good profit margin. T/O in excess £300,000 p.a. Owner wishing to retire
Write to Box A4894, Financial Times, One Southwark Bridge, London SE1 9HL

Sub Contract High -Tech Precision Eng. Co.
Specialising in computer aided manufacturing techniques M.O.D. contracts part of customer base located Mid South Turnover £¾ million with scope for increase.
Write A4897 Financial Times One Southwark Bridge London SE1 9HL

CHAIN OF NEWSAGENTS FOR SALE
18 CTN's for sale, preferably as one transaction. Profitable chain, geographically spread.
Principals only
Write to box A4641, Financial Times, One Southwark Bridge, London SE1 9HL

GREETING CARD DISTRIBUTION CENTRAL MANCHESTER AND SURROUNDING AREA
Solid expanding business serving 500 well established accounts currently netting 75,000 pa.
Substantial price required
Phone 061 488 4469

FOR SALE- Established London manufacturer of household/leisure products in tubular-steel etc. Potential for other products - Easily relocated. Write to box A4827 Financial Times, One Southwark Bridge, London SE1 9HL

RECEIVERSHIPS/LIQUIDATION - PINK PAGES - New weekly guide to every insolvent company. Direct contact with Liquidators/Receivers. Fully indexed according to company type. Free sample copy - Tel: (0273) 626681.

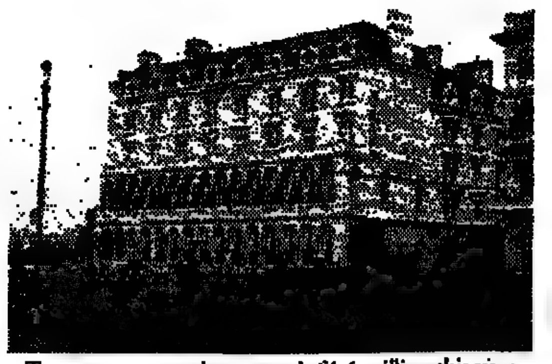
BUSINESSES FOR SALE

On the instructions of S. Ryman, Joint Administrative Receiver

THE GRAND HOTEL

The Hoe, Plymouth, Devon

Four Star Flagship Hotel overlooking The Hoe & Port



Turnover expected to exceed £1.6 million this year

Close to The Pavilions new conference and leisure centre for 2,500 delegates. Excellent road, rail and air links

- 77 en suite bedrooms, including 6 luxury suites
- 140-cover restaurant
- Lounge & bar
- Cellar Bar function suite (120)
- Harlequin Suite (60)
- Board room & lounge (70)
- Car parking (50)
- Freehold offers invited in excess of £3 million

For further details contact

ROBERT BARRY & Co – Mervyn Cully 0285 641642

CHRISTIE & Co – Stephen Page 0392 59371

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS DAVID SWADEN FCA & DESMOT J. MURPHY FCA

IN THE MATTER OF

INSPECTION CONTROL LIMITED

Offers are invited for the business and assets of the above company as a going concern. Its main activity is that of Non-Destructive Testing

- Based near Milton Keynes.
- Comprehensive radiographic and inspection equipment
- Annual turnover £1/4 million.
- Freehold premises (approx 10,500 sq ft)
- Tenant income £25,000 p.a.
- Established customer base

Enquiries should be addressed to Fiona McBride at:-
Leonard Curtis & Partners, Chartered Accountants
Peter House, Oxford Street, Manchester, M1 5AB Tel: 061 236 1955 Fax: 061 228 1929

New Zealand

Ladies Fashion Retailer & Manufacturer

The Joint Receivers of Shanton Apparel Ltd offer for sale the business and assets of one of the six largest ladies fashion retailers in New Zealand.

- Turnover in excess of NZ$17m p.a. (US$9m).
- Approximately 100 employees.
- Freehold land and buildings for centralised manufacturing and warehousing facilities.
- Substantial plant and machinery.
- 19 leasehold retail outlets situated throughout New Zealand.
- 80% of product is New Zealand made.

An Information Memorandum can be obtained from David Davidson. Tel: Auckland 9 302 0280

ARTHUR ANDERSEN

ARTHUR ANDERSEN & Co, SC

Arthur Andersen is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

COMPUTER AND PERIPHERALS DISTRIBUTOR

We are retained to sell a European distributor of computer and peripheral equipment, representing leading hardware manufacturers. Our client, one of the largest in its sector, with turnover circa £50M:-

- is very profitable, with a high return on capital employed;
- enjoys excellent supplier and dealer relationships;
- represents leading manufacturers.

Should this opportunity be of interest, or should you be interested in making Information Technology acquisitions, please contact Stephen David, Corporate Finance Division.

ALLIED TRUST BANK

Allied Trust Bank
Granite House
97-101 Cannon Street
London EC4N 5AD
Telephone: 071 283 9111 Fax: 071 626 1213

Acetall Limited

T/A TAYBAN PRECAST

(In Administrative Receivership)

The Receiver offers for sale the business and assets as a going concern.

- Manufacturer of Precast Concrete
- Turnover 1992 £1.6m
- Current order book in excess of £250,000
- Established 1961 - excellent customer base
- Long leasehold premises near Bolton, Lancashire
- 32 employees.

For further information please contact - Stephen Conn or Peter Bucknell

Stephen Conn & Co.
Chartered Accountants
17 St. Ann's Square, Manchester M2 7PW
Tel: 061 839 0119 Fax: 061 835 2539

THE LONDONDERRY HOTEL

PARK LANE · MAYFAIR LONDON W1

FOR SALE

CONTACT

Bob Lewis or Jonathan Worsley – Pannell Kerr Forster Associates

Stephen Richardson, Jonathan Hubbard or Matthew Yeomans – Weatherall Green & Smith 071-405 6944

ROBOTIC LIGHTING SYSTEMS BUSINESS FOR SALE

Starlite Technology Limited

(in Receivership)

The Joint Administrative Receivers, David Stern and Ivor Richards, offer for sale as a going concern the business and assets of the above company which has developed and patented computerised *robotic lighting systems for sale or hire;* primarily used by rock and pop artists on concert tours.

Principal features include

- UK rental income c. £300,000 p.a.
- Franchisees operating in Europe and Japan
- Repeat business with major British bands

For further details, please contact the Joint Administrative Receivers, quoting reference L3835/MD

Levy Gee & Partners
100 Chalk Farm Road, London NW1 8EJ
Tel: 071-267 4477. Fax: 071-485 1486

LEVY GEE & PARTNERS – CORPORATE SUPPORT SERVICES – LONDON • MANCHESTER WORTHING • CROYDON

FOR SALE AS A GOING CONCERN DROGHEDA WEB OFFSET PRINTERS LIMITED

(in receivership)

Liam Dowdall F.C.A., Receiver and Manager

Main Assets Include:

- A linotype "newsmaster' web offset newspaper press
- A Creusot-Loire 'Standard' web offset newspaper press (both capable of full colour to a very high standard)
- Complete plate making department.
- Muller Martini compensating stackers and loose inserters
- Freehold and leasehold property
- Excellent customer base
- Very skilled labour force available

For further information please contact:-

Liam Dowdall F.C.A.
BDO Binder
Setanta Centre
Nassau Street
Dublin 2
Ireland
Telephone: 353-1-6797500
Fax: 353-1-6797520

BDO BINDER – Chartered Accountants & Management Consultants

The Art of Selling a Business

The BPG Guide to optimising the value of your business.

For further information please contact:
Wayland Ward-Smith
BPG Corporate Finance Limited
84 Grosvenor Street London W1X 9DF
Telephone: 071-493 2550 Fax: 071-629 9444.

RECRUITMENT CONSULTANCY

Highly profitable London based niche market recruitment consultancy, established 1973, excellent reputation and accelerating track record. T/O to August 1993 £350,000, existing management flexible as to continuity.

Write box A4756 Financial Times One Southwark Bridge London SE1 9HL

FOR SALE QUOTED COMPANY IN THE TRADING STOCK EXCHANGE

Capital:	500.000.000,-ptas.
Telef:	010-34-1- 577.89.86
	010-34-1- 431.44.29
Fax:	010-34- 577.34.42

MADRID (SPAIN)

FOR SALE

Well established sub contract metal manufacturing company with full paint facility and BS. 5750 accreditation. T/O. £1.5m. Location Northern Home Counties. Major shareholder wishes to retire.

For further details write box A4755 Financial Times One Southwark Bridge London SE1 9HL

FOR SALE ONE OF THE UK'S LARGEST YACHT AND BOAT SALES CENTRES CONTACT: LEISURE ESTATES – TEL: 0827 898654.

MAGAZINE ADVERTISING ASSETS of insolvent companies and businesses. Free copy 071-262 1164.

MOTOR AUCTION BUSINESS FOR SALE As A Going Concern. Established ten years and extremely profitable. Full details from Hodgson Elkington & Co. Tel: 0522 512232. Ref: SJE.

OXFORD CITY CENTRE LOVELY conservatory restaurant and bar. 65 seats .Business and 48 years lease for sale telephone Saturday Sunday 0235 520487: Monday to Friday 0865 724241 Fax anytime 023 559 461.5

GREEK EXPORTS S.A.

ANNOUNCEMENT

OF A REPEAT PUBLIC AUCTION FOR THE HIGHEST BIDDER

GREEK EXPORTS S.A., registered in Athens (17 Panepistimiou St.) and legally represented, in its capacity as liquidator, in accordance with article 46a of Law 1892/1990, as supplemented by article 14 of Law 2000/1991 and following the decision of the Thessaloniki Court of Appeal No. 3210/1992 and following the written statement under re. no. (incoming) 273/18-3-1993 of its creditor, in para. 1 of the above article (E.T.B.A. SA)

announces

a repeat public auction for the highest bidder, with sealed, binding offers for the purchase in toto of the assets of the company under special liquidation named AGROINDUSTRIAL S.A. (GE.VI.SA.) established in Methoni, Pieria and henceforth referred to as 'the Company'.

ACTIVITIES AND BRIEF DESCRIPTION OF THE COMPANY

The Company is engaged in the processing, canning and deep freezing of fruit and vegetables as well as in the sale of these products.

It owns the following immovables:

1. An industrial complex situated on the 50th kilometre of the Thessaloniki-Katerini national road and the fronting the old Thessaloniki-Katerini national road. The factory buildings cover a total area of 27,938m² and include industrial plant for processing, refrigerating and deep freezing, standing on a self-owned plot of land 98,444m² in area situated in the estate region of the Community of Methoni, Pieria.
2. An industrial unit for fruit sorting at Argolida, Nafplion on a 4,500m² plot of land with a building area of 2,112m² where a fruit sorting line with a capacity of 8 tons per hour is installed and functions seasonally.
3. Two (2) floors (a and b) of 179.47m² each containing offices and a basement of 131.89m² in the corner building of the Municipality of Thessaloniki at 23 Aesopou and Promitheos Streets.

TERMS OF THE AUCTION

1. Parties interested in participating in the auction are invited to receive from the liquidator the Offering Memorandum and the draft letter of guarantee in order to submit a sealed, binding offer to the Kolindros notary public appointed to the auction, Mrs. Stavroula Bagiatsi-Kandila at 34 Pafsilypou Street, Kolindros, Tel. (0353) 31554, by Monday, 26th April 1993 up to 13:00 hours.
   Offers must be submitted in person or by a legally authorised representative.
2. The bids will be unsealed before the above notary on Tuesday, 27th April 1993 at 10:00 hours. The unsealing will be attended by the liquidator and all those who have submitted offers before the time limit are entitled to attend.
   Offers submitted beyond the prescribed time limit will not be accepted or taken into account.
3. The sealed, binding offers must specifically mention the price offered for the purchase, in toto, of the assets of the Company and be accompanied by a letter of guarantee from a bank legally operating in Greece to the amount of a hundred million drachmas (Drs. 100,000,000) or its equivalent in the US dollars.
4. The Company's assets and all fixed and circulating constituent parts thereof, such as immovable and movable property, claims, trademarks, titles, rights, etc. will be sold and transferred "as is, where is" and, more specifically, in their actual and legal condition and location on the date of signature of the sale contract, regardless of whether the Company is in operation or not.
5. The liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law 1892/90, article 46a, para. 1, as in force) known hereafter as the "Majority Creditors", shall bear no liability for any legal or actual defects or for any deficiency in the effects and rights for sale, nor for any incomplete or inaccurate description of them in the Offering Memorandum and in any correspondence.
6. Prospective buyers, hereinafter referred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and form their own judgement and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of Law 1892/90, article 46a, para. 4, as in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require concerning the Company for sale.
7. Bids should not contain terms which might prevaricate their bindingness or any vagueness concerning the offered price and its method of payment, or any other matter of importance to the sale. The Liquidator and the Majority Creditors have the right, at their incontestable discretion, to reject offers which contain terms and conditions, irrespective of whether these offers contain a higher price than that of other bidders. Such unacceptable terms would be, for example, requests for the repair, improvement or transfer of fixed assets, or requests for guarantees in the collection of claims or the outcome of court actions brought by the Company in this respect, or compliance with recommendations regarding the security of the installations, or for safeguarding the insurance cover, etc.
8. In the event that the person to whom the auction is adjudicated fails in his obligation to appear, as requested, within thirty (30) days from being invited to do so, and sign the relative contract, or fails to abide by any other obligations accruing from the present announcement, then the above-mentioned guarantee of one hundred million drachmas (Drs. 100,000,000) is forfeited to the liquidator in compensation for expenses of all kinds, time spent and any actual or hypothetical losses sustained, with no obligation on the liquidator's part to give any accounting or specific proof or deem that the amount has been forfeited to him as a penalty clause, and collect it from the guarantor bank.
9. The highest bidder is deemed the one whose offer has been so judged by the Liquidator and approved by the Majority Creditors as being in their best interest.
10. The Liquidator shall not be liable to participants in the auction either with respect to the evaluation report or for his selection of the highest bidder and neither will he be liable to them for the cancellation of the auction in the event that its outcome is not approved by the Majority Creditors.
11. Participants in the auction do not acquire any right, claim or demand from the present announcement or from their participation in the auction, against the Liquidator, for any cause or reason.
12. Transfer expenses of the assets for sale (taxes, stamp duty, notarial and mortgager's fees, rights and other expenses for drawing up topographical diagrams as required by Law 651/1977, etc.) are to be borne by the Buyer.
13. Those taking part in the auction will be committed to keeping the enterprise functioning in its present form.

For further information, interested parties should apply to:

a) The Head Office of ETBA S.A. Directorate of Public Holdings 87 Syngrou Ave., Athens (2nd Floor) Tel. +30-1-929.4395 and 929.4396

b) GREEK EXPORTS S.A. 17 Panepistimiou St. Athens (1st Floor) Tel. +30-1-324.3111 - 324.3115

c) GREEK EXPORTS S.A. Thessaloniki Branch 7 Nikis Ave. Thessaloniki (Ground Floor) Tel. +30-31-278.623 and 230.371 Fax. +30-31-269.491

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CONTRACTS & TENDERS

CONTRACT FOR THE PROVISION OF TAXATION SERVICES FOR THE PUBLIC TRUST OFFICE

LORD CHANCELLOR'S DEPARTMENT

The Lord Chancellor's Department is conducting a market for the provision of a taxation service to the Public Trust Office. Tenders will be sought from suitably qualified and experienced organisations, including the existing in-house unit. It is intended that the contract will run for a period of three years.

The Lord Chancellor's Department is a central government department responsible for the administration of justice in England and Wales. As an Associated Office of the Lord Chancellor's Department, the Public Trust Office administers approximately 2500 trusts. The Public Trustee also acts as Receiver to administer the property and affairs of approximately 2600 mentally incapable persons.

The taxes Branch is responsible for completing Inland Revenue tax returns and calculating assessments where applicable. The successful tenderer will also be required to provide taxation advice.

Initial expressions of interest are therefore being sought. Firms who express an interest will be asked to complete a questionnaire and provide reference on their financial position and relevant experience. A shortlist of firms will then be invited tender.

Firms wishing to express an interest or who require further information should contact:

Miss Sara Billam, Lord Chancellor's Department, Travelyan House, 30 Great Peter Street, LONDON SW1P 2BY.
Tel: 071 210 8859

The closing date for expressions of interest is 9 April 1993.

The completed questionnaires will need to be returned by 23 April 1993.

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LEGAL NOTICE

IN PETITION ARGYLE TRUST PLC FOR CONFIRMATION OF REDUCTION OF SHARE CAPITAL AND CANCELLATION OF SHARE PREMIUM ACCOUNT AND CAPITAL REDEMPTION RESERVE

A Petition having been presented to the Court of Session on 24th March 1993 by Argyle Trust PLC, a company incorporated under the Companies Acts and having its registered office at Owen House, 8 Bankhead Crossway North, Edinburgh for Confirmation of Reduction of Share Capital and Cancellation of Share Premium Account and Capital Redemption Reserve, the court pronounced the under noted Interlocutor

Edinburgh 24th March 1993

The Lords having heard Counsel for the Petitioners on their Motion dated 19th March 1993 appoint the Petition to intimated on the Walls of Court in common form and to be advertised once in the Edinburgh Gazette, The Scotsman and Financial Times Newspapers; allow any party claiming an interest to lodge Answers thereto, if so advised, within 21 days after such intimation and advertisement; appoint the Petitioners to lodge in Process on or before 2nd April 1993 the list or lists of Creditors of the Petitioners pursuant to Section 136 of the Companies Act 1985; appoint the Creditors of the Petitioners not entered on such list or lists to claim to be entered thereon; or to be excluded from the right of objecting to the proposed Reduction of Share Capital, Cancellation of Share Premium Account, and Cancellation of Capital Redemption Reserve, on or before 23rd April 1993; and appoint Notice thereof to be made once in each of the Edinburgh Gazette and the Scotsman and Financial Times newspapers.

Sgd J A D Hope IPD

all of which intimation is hereby given.

Macley Murray & Spens
Solicitors
3 Glenfinlas Street, Edinburgh EH3 6AQ
Solicitor for Petitioners

No. 00 875 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR. REGISTRAR BUCKLEY

IN THE MATTER OF FIRST TECHNOLOGY AUTOMOTIVE LIMITED and IN THE MATTER OF THE COMPANIES ACT 1985

Notice is hereby given that the Order of the High Court of Justice (Chancery Division) dated 24th February 1993 confirming the reduction of the capital of the above named Company ("the Company") from £3,000,000 to £221,886 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 12 March 1993.

Dated 29 March 1993

Nabarro Nathanson
50 Stratton Street
London W1X 5FL
Ref: IE/NXP/T579/58
Solicitors for the Company

No: 001160 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF HUNTERPRINT GROUP PUBLIC LIMITED COMPANY AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 10th March 1993 confirming the reduction of the share premium account of the above named Company by £13,020,000 from £14,000,000 and the reduction of the capital of the above-named Company from £25,150,900 to £17,450,900 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 12th March 1993.

DATED this 29th day of March 1993.

ASHURST MORRIS CRISP
Broadwalk House
5 Appold Street
London EC2A 2HA
Reference: SAW/A7/08K
Solicitors for the Company

THE INSOLVENCY ACT 1986

Four Ashes Paint Finishers Ltd

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act, 1986 that a Meeting of Creditors of the above named Company will be held at Novotel Wolverhampton, Union St, Horsley Fields, Wolverhampton WV1 3JN on 08 April 1993 at 2.00 pm for the purposes mentioned in Sections 99, 100, and 101 of the said Act.

David James Taylor MIPA MSPI, a Licensed Insolvency Practitioner of Messrs David Taylor, 11 Tavistock Place, London WC1 will free of charge, supply Creditors with such information concerning the Company's affairs as they may reasonably require.

Dated 23 March 1993 A Smith DIRECTOR

Rule 3.2 NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS

Registered Name: R.A.G. Electrical Limited
Registered No: 1629960
Trade Classification: 2
Names and addresses of Joint Administrative Receivers:

Ipe Jacob	and Vivian Murray Bairstow
Robson Rhodes,	Robson Rhodes
186 City Road	186 City Road
London EC1V 2NU	London EC1V 2NU

Office holder numbers: 2121 and 5316
Date of Appointment: 19th March 1993
By whom appointed: National Westminster Bank Plc
Date of Charge: 30th July 1984
Nature of Charge: Fixed and Floating
V M Bairstow, Joint Administrative Receiver

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FINANCIAL TIMES – EUROPE'S BUSINESS NEWSPAPER

Inmos in chip race

Inmos, the UK-based semiconductor manufacturer owned by SGS-Thomson, last week staked a claim for a place in the Guinness Book of Records as the maker of the world's fastest single chip computer.

Its latest transputer, the T9000, is reckoned to carry out 200m instructions a second (mips), faster than most mainframe computers and almost twice as quick as Intel's Pentium microprocessor, formally launched in Europe last week.

The only real competition in pure speed to the T9000, it seems, is Digital Equipment's Alpha chip, also capable of 200 mips, which Guinness already recognises as the world's fastest.

According to Inmos, however, transputers differ from other microprocessors in that they have all the elements of a full-scale computer – processor, memory and communications links – on the chip. The T9000 has 3.3m transistors embedded in a silicon block measuring only 10mm by 20mm (the Pentium chip has 3.1m transistors). Inmos is aiming for 10m transistors in its next transputer family.

In small quantities, the T9000 will cost $695 (£483); the price is expected to fall as sales volumes increase. The transputer is Europe's only home-grown reduced instruction set computing chip; its structure makes it particularly suitable to applications where many processors co-operate. Parsytec of Aachen, for example, is using the chip to build parallel supercomputers small enough to operate on a desk top. Up to 64 processors can be connected together.

Superfast chips, however, are no longer a rarity; AT&T, Acorn, Motorola, Sun, IBM and MIPS are all in the race. Supercomputing apart, what uses has the new chip?

Transputers have principally been used as embedded processors in high-technology systems and the T9000 is expected to follow that trend. Ferranti-Thomson Sonar Systems of Stockport, for example, is using the T9000 in its active dipping sonar to be built into the Royal Navy's Merlin helicopter, where it is expected to cut processing volumes, power consumption and overall cost.

Alan Cane

Nancy Lane: "When it comes to a name for a committee or a candidate for promotion, men rarely think of putting women forward"

Fighting against the odds

Diane Summers reports on a UK government inquiry into why so few women take up careers in science

The results of the UK government's first fundamental review of science and technology for more than 20 years will not be known until early summer when a white paper is published. But, already, there has been one potentially valuable spin-off: the setting up of the first government inquiry into why there are so few women working in science and technology, particularly at senior levels.

The inquiry, which is operating under the aegis of the Office of Public Service and Science – part of the Cabinet Office – is chaired by William Stewart, the government's chief scientific adviser. Apart from Stewart, the committee is composed of women from various disciplines.

Nancy Lane, a cell biologist from Girton College, Cambridge, has provided the impetus for the investigation and is the person responsible for drawing up the report on the findings. Already a member of the prime minister's advisory team on the Citizen's Charter, she was well-placed to suggest that the white paper address the question of women in science and technology – the inquiry is the result.

As well as her research, teaching, and Citizen's Charter responsibilities, Lane is a non-executive director of Smith & Nephew, the health-care group.

Her early post-doctoral experience was to be mistaken constantly for a secretary or technician. She says: "I was never thought to be 'the scientist' because you couldn't be a post-doc if you were a girl – that was obviously impossible. Things have improved and there are now many more girls doing PhDs in the biological sciences. It's after that that they drop out," she says.

Figures she is gathering illustrate the point: in the biological sciences half of graduates and contract researchers are female but only 8.5 per cent of readers and senior lecturers and 3.5 per cent of professors are women. Out of 537,000 qualified engineers, fewer than 5 per cent are female. In maths and physics, a third of undergraduates and a fifth of graduate are female but fewer than 2.4 per cent of readers and senior lecturers and 1 per cent of professors are women.

The lack of role models in senior positions has a negative effect, according to Lane: "Girls must be encouraged to believe there is a potential career for them in science and that, to some extent, depends on there being more role models."

The old boys' network has a grip on the positions of power, Lane has found. "When it comes to a name for a committee or a candidate for promotion, men rarely think of putting women forward. Sometimes, if you prick their consciences, they agree they should try to think of one. Any woman who actually makes it has done rather better than any man – she's got to be startlingly good to be appointed."

The National Health Service, with its central policy of women on every shortlist and interviewing committee, provides a model which might usefully be emulated elsewhere, she says, although she is anxious not to be seen as pre-empting her committee's findings.

For women who want children, science as a career has its particular problems. Says Lane: "In science you have to be in a lab doing experiments and that's incompatible with trying to work at home. Not many universities or companies have good crèche facilities on site." For women who decide to stop work while their children are young, Lane points out there is a re-entry problem. "If you're a scientist you can't just come back in as a returner – you have to retrain because the field has moved on. You've got to learn new techniques which have been developed in your absence."

Academic scientists, if they take a break, have the added problem of gaps in their publications and sometimes even age bars. "Some of the institutions, for example some of the research councils, have age limits for grants which work particularly against women," she says. "An age limit of, say, 30 might be fine for a man – he's got his PhD and a couple of years post-doctoral experience by then. But a woman, even if she hasn't had children, may have had to move jobs because of her husband's work and that may have disrupted her research and her publications."

Even for those women whose careers are not disrupted by marriage or children, Lane still considers there is evidence of an inferior career structure. "Women are often given short-term research contracts, with perhaps money for one to three years. At the end of that time, you don't know what's going to happen to you. Very often women find they can't get proper funding."

Her committee's report will outline possible solutions to some of these problems. For example, the idea of "benchmarks" could be put forward. Under these, organisations would state that by a particular date they would expect a certain proportion of posts at a particular grade to be held by women. Benchmarks are not the same as quotas, emphasises Lane. She has a horror of tokenism: "Who wants to be doing a job and to be thought to have been given it only because you happen to be a woman?"

Members of the committee on women in science and technology: William Stewart, chief scientific adviser; Nancy Lane, Girton College Cambridge; Ingrid Allen, Queen's University, Belfast; Jean Balfour, fellow Royal Society Edinburgh; Eileen Buttle, Natural Environmental Research Council; Patricia Clarke, vice president Royal Society; Agnes Kaposi, Women's Engineering Society; Anne McLaren, foreign secretary Royal Society; Eleanor Linton, Cabinet Office secretariat.

A picture of good health

By Victoria Griffith

One of the main problems in performing successful surgery has always been that the neat, clean laboratory models of patients' insides often turn out to be far easier to understand than the real thing. However, virtual reality imaging is beginning to make inroads into operating rooms in an attempt to clarify things for the surgeon.

"It's actually more like 'enhanced reality' than virtual reality, since the images are far easier to understand than the actual human anatomy," says William Lorensen, a graphics engineer at General Electric Corporation. He is part of a team of scientists and surgeons from GE and the Brigham and Women's Hospital in Boston working with virtual reality images in surgery.

The ultimate aim of the US group is to be able to project a three-dimensional picture on to a patient's skin, allowing the doctor to operate on the patient and the image simultaneously. The doctor would see the image through special virtual reality glasses, which enhance three-dimensional vision, but would actually be manipulating the patient's internal organs.

The accuracy of the image, which precisely details anatomical parts, would make this possible. The only essential difference between reality and image would be the enhanced clarity of the picture. The joint project has already produced several imaging tools to make surgeons' life easier.

Over the last few years, participants have been working with three-dimensional pictures of patients' skulls and brains. The images are produced by taking two-dimensional magnetic resonance and CAT-scan pictures, converting them to three-dimensional ones with advanced computer graphics, then using a video mixer to produce a television image.

The new images on the video monitor have already proved an invaluable tool in pre-operation planning. Using an electronic scalpel on the television screen, the physician can simulate surgical cuts, showing exactly which area a particular skin incision will reveal. In brain surgery, it can help physicians plan a safe path to a tumour, avoiding contact with motor strips, for instance, that could leave a patient paralysed.

It can also help in facial reconstruction techniques, showing surgeons how a bone should be cut and repositioned. The process has already been used in planning several operations to help correct serious deformities in organ structure.

More recently, surgeons started to use the video monitor not only before surgery, but also in the operating room. In brain surgery, for instance, doctors have used the monitor to mark areas on a patient's shaven head. The marks show the surgeon where to make the incision, the location of the tumour and which areas to avoid. The surgeon relies on this map to make the correct incisions and uses the video monitor as a reference throughout the procedure. Inadequate technology has prevented doctors from taking the final step to an actual virtual reality operation, says Lorensen. "In a pure virtual reality operation, we would project the image directly on to the patient's head," he explained. "But right now, the lighting and clarity is not sufficiently developed."

A 3D-computer image of the brain

Similarly, virtual reality glasses need to undergo some improvements before they will become a viable option in the operating room. "Current eyeglasses are too bulky," says Lorensen. "Before they can be used, they will need to be lighter and less intrusive." Even so, he predicts the procedure is only about two years away from becoming a reality. "We're just waiting on a few technological improvements."

A measured view on monopolies

As he prepares to step down as MMC chairman, Sir Sydney Lipworth talks to **Robert Rice** about the commission's role as corporate policeman

Sir Sydney Lipworth is aware of the public debate raging about the structure of the UK competition authorities and their recent performance. But the phlegmatic, South African-born chairman of the UK's Monopolies and Mergers Commission is not about to let the controversy cloud his last days in office.

Sir Sydney who steps down after Easter after more than five years as MMC chairman is happy to let his record speak for itself.

Since 1988 the commission has published 112 reports, one-third of the total published since the MMC was set up in 1949. That represents an average of 22 reports a year compared with an average of five a year in the previous 40 years.

In addition to its core responsibility of vetting monopolies and mergers, the commission has taken on an extra role as arbitrator for the newly privatised utilities, and under the Broadcasting Act, for independent broadcasters. Yet the average time taken to complete inquiries has come down considerably since Sir Sydney took charge.

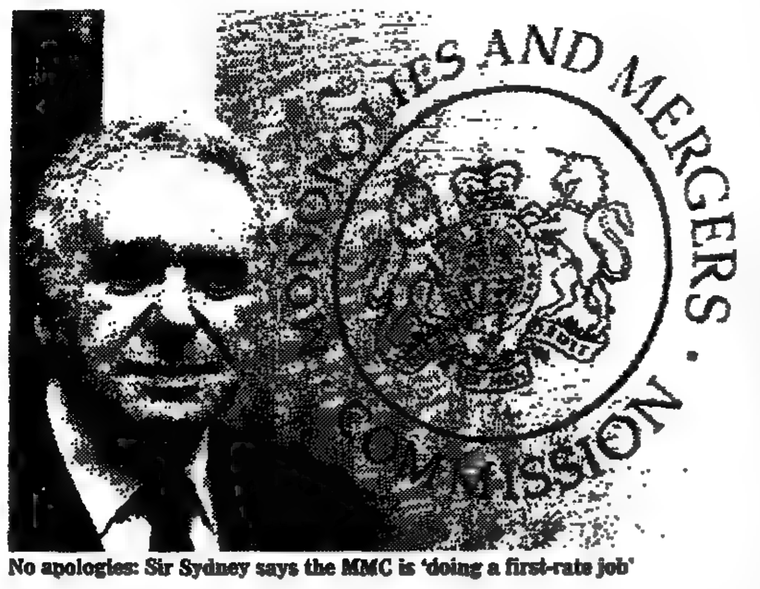
Monopoly inquiries which used to take anything up to four years are now dealt with in nine or 12 months as a matter of routine. Merger inquiries which used to take six months are now completed in three. And, Sir Sydney believes, the quality of the commission's work has more than been maintained. "The MMC is a first-rate institution doing a first-rate job," he says.

Much as you would expect from this no-nonsense lawyer turned businessman, Sir Sydney puts up a robust defence to some of the more strident criticisms levelled at the MMC in recent months. But his mind is not closed to change. He is not unsympathetic, for example, to recent complaints from industry that the structure of the UK's competition authorities results in too much duplication of effort between the Office of Fair Trading and the MMC.

"Theoretically there must be something in it because theoretically there is an element of duplication." But he would need to be convinced of the actual saving to industry before he would be prepared to change a system which has stood the test of 45 years.

"I'm not sure a single body would produce a better analysis of a case in the end, but it might be cheaper. The real question is: will the final result be more or less comprehensive? I think we should look at it."

Sir Sydney is less tolerant of the suggestion that the commission has "gone soft" recently in its monopoly-policing role. Critics say the MMC has paid too much attention to the views of the companies under investigation. In 1991, inquiries into photocopiers, instant coffee and soft drinks left monopolies largely intact. Compare that with the reports that helped to liberalise industrial gas supply and weaken the link between brewers and pubs in the late 1980s.



No apologies: Sir Sydney says the MMC is 'doing a first-rate job'

The break-up of brewing is now regarded by industry observers as having backfired. Those who accuse the commission of going soft believe the government's rejection of some of the more radical elements of the beer report caused the commission to take a more cautious approach.

Criticism of monopoly investigations reached a peak with last year's report on new cars. The Consumers' Association accused the MMC of ignoring an independent report which showed considerable price differentials between cars bought in the UK and on the Continent. Instead, the association said, the MMC relied too heavily on information given by the manufacturers, which claimed these differentials were not nearly as large in practice as the independent research suggested.

Mr Stephen Locke, CA's director of policy, said the MMC analysis could "only be described as deeply flawed", and seemed "ultimately to have been swayed by the arguments of the manufacturers".

These criticisms are rejected by Sir Sydney. The responses to the new-cars report were "superficial, knee-jerk reactions" which "overlooked what the report actually said". He accuses consumer organisations of giving vent to their frustration that the commission did not find the extensive differences between UK new car prices and those elsewhere in the EC. "Popular expectation is not necessarily a good guide as to what is the right answer. You don't need to totally restructure an industry to come up with a sound solution," he says.

He is not unsympathetic to complaints of too much duplication of effort with the OFT

Another reason which has been suggested for the increased caution exhibited by the commission is the growing number of legal challenges to MMC reports. The commission has been judicially reviewed nine times in recent years.

Again Sir Sydney disagrees. In his view the increase in legal challenges is in line with an overall increase in challenges to quasi-judicial decisions of all types. To a certain extent he welcomes the legal challenges. "I'd hate it if a court found that we had acted unfairly, but otherwise I think it helps to keep us on our toes."

The commission has won all nine of its judicial reviews, a record of which Sir Sydney is proud. But in general the nine cases have drawn attention to ambiguities in the wording of the 1973 Fair Trading Act which he says is "beginning to look a bit dated".

Is he in favour of wholesale reform of UK competition legislation? It has been suggested, for example, that it is an outdated concept to decide whether a merger should be allowed to proceed, or a monopoly allowed to survive intact, based on whether it is in the "public interest".

Some competition lawyers argue that the criteria to be taken into account when judging the public interest, as laid out in section 84 of the FTA, are too vague. They argue the MMC needs a stronger direction to focus more directly and rigorously on competition issues, leaving to the trade and industry secretary wider public interest considerations, such as the balanced distribution of industry and employment.

Sir Sydney is less tolerant of the suggestion that the commission has 'gone soft' recently

Sir Sydney is not opposed to reform of the public-interest test but remains to be convinced. For all practical purposes, certainly when vetting mergers, the 1984 so-called "Tebbit doctrine", which made competition the primary criterion of merger reference policy, has kept competition at the heart of the public-interest test, he says.

Ultimately, he adds, a decision on the public-interest test is a political one. Whatever is decided, the commission can adapt to it, he says. If the aim was to produce a degree of extra certainty for industry in the way mergers will be judged, then narrowing the test would be the answer. But the present criteria for judging the public interest does offer a degree of flexibility, allowing ministers exceptionally to refer cases to the MMC on wider issues.

In general, however, he believes there is room for strengthening the wording of the Fair Trading Act and improving some of its procedural tests, such as the test for complex monopolies, which he says are "a bit artificial".

Where does he stand on the government's proposed reforms of UK law on restrictive trade practices and abuse of market power?

The restrictive trade practices white paper proposed the introduction of a prohibition on anti-competitive agreements backed up by a system of fines, with the MMC or a tribunal of specially appointed MMC members responsible for imposing penalties. The abuse of market power green paper envisages a similar role for the commission in dealing with anti-competitive behaviour by dominant companies.

Some competition lawyers and consumer bodies believe that if the MMC is to continue to be seen as a dispassionate investigatory body then it should not become involved in the imposition of penalties which will inevitably be seen as harsh.

Sir Sydney welcomes the proposed reforms of restrictive practices legislation and sees nothing wrong in principle in asking the commission to play a role in imposing penalties. He insists the MMC already acts as a quasi-economic tribunal and has the flexibility to do the job. Many of the remedies, such as divestment, which it now has the power to recommend, are just as harsh for the businesses concerned as any fine is likely to be. If there is real concern about the imposition of large fines, perhaps the courts could be asked to play a supervisory role, he suggests.

He is less convinced of the need for significant change in the law on anti-competitive behaviour by individual companies, however. "Looking back, I'm not aware of many cases which would have called for a prohibition and fines, as opposed to our current system."

As he clears his desk for the last time he will reflect with some pride on the business-like approach he has injected into the commission's work since 1988. "I found the commission in good shape and I hope I am leaving it in good shape," he says. In reality, he will be a tough act to follow.

Court finds French synthetic fibre aid broke notice rules

EUROPEAN COURT

The European Court of Justice last week overturned the European Commission's refusal to examine regional aid granted by France to Allied Signal, a synthetic fibre producer, for the building of a polyester fibre plant in the French region of Longwy. Judicial review proceedings were brought against the Commission by the Paris-based International Synthetic Fibres Association and the chemical companies, Akzo, Hoechst, ICI and SNIA Fibre.

The case concerned the state aid regime applicable to the synthetic fibre sector in the context of the regional aid rules. By a 1985 decision (85/18/EEC) the Commission had authorised the grant of regional aid to certain regions including Longwy. However, that decision was without prejudice to existing or future specific sectoral aid rules.

In a letter sent to EC states in 1977 the Commission had established a special aid regime for the synthetic fibres sector. The system of pre-notification established was intended to prohibit aid that would increase capacity. Regional aid was expressly included.

The regime, never challenged by EC states, was extended every two years; a communication of July 8 1989 being the extension at the time of the proceedings. This said the Commission disapproved in advance any aid that would increase capacity regardless of the type of product or end-use (textile or industrial). France granted Allied Signal regional aid to build a plant in Longwy to make polyester fibre for industrial use, namely the supply of European tyre makers.

In June 1990 the applicants asked the Commission to intervene. The Commission replied that the aid was granted in accordance with regional aid rules and had been announced before the last extension of the synthetic fibres regime. Consequently there was no obligation to notify the aid prior to its grant.

The court rejected the Commission's arguments that the synthetic fibres regime was intended only to apply to textile use and had been modified to exclude industrial use by an inconsistent 1988 decision approving aid granted to a German producer. Neither the facts nor the texts of the relevant measures supported this interpretation. The ECJ ruled that the aid was subject to the pre-notification requirement.

C-313/90, CIRFS v Commission, ECJ 5CH, March 24 1993.

International Labour Organisation Chemical Safety Convention.

At the request of the Commission the ECJ has delivered an opinion under its Treaty powers in the context of international agreements on ILO Convention 170 concerning safety in the use of chemicals at work.

The ECJ considered whether the ILO Convention falls within the scope of the Community's competence and, if so, whether the Community's competence is exclusive.

Applying its previous decisions in this area the Court ruled that the ILO Convention 170 falls within the joint competence of the Community and the member states.

The Court emphasised it was not only where Community rules had been adopted within the framework of a common policy that the member states cannot, outside the framework of the Community institutions, assume obligations that might affect those rules or alter their scope. Concurrent powers of the member states were restricted in all areas where Community rules have been adopted for the attainment of the Treaty's objectives.

The ECJ found the Community has internal legislative competence in safety in the use of chemicals at work overlapping the scope of the Convention. However, to the extent that the power of EC states to apply stricter measures than any directives adopted meant there was no conflict with equivalent provisions in the convention, Community competence was not exclusive.

Where EC rules such as those relating to classification, packaging and labelling of dangerous substances were more than minimum requirement, commitments arising from the convention could affect the Community rules. Member states must not undertake such commitments outside the framework of Community institutions.

Opinion 2/91, ECJ FC, March 19 1993.

BRICK COURT CHAMBERS, BRUSSELS

PEOPLE

British Steel: Frame steps down

Brian Moffat's way to the top of British Steel has been cleared more swiftly than he could have hoped – twice over. Appointed chief executive in July 1991 after the unexpected resignation of Martin Llowarch, he now assumes the chairmanship as well because Sir Alistair Frame is resigning at the end of April.

Sir Alistair, who has held the position for just nine months and turns 64 in April, is listening to medical advice to reduce his business commitments. At Wellcome, where he has been chairman since 1990, chief executive John Robb says the company was "actively considering the succession to the chairmanship" adding that it had been planned "for some time past" that Sir Alistair would retire within the next year or so.

His departure is a blow to British Steel, which has long been criticised for its inbred management structure. By contrast, the arrival of Sir Alistair, former RTZ chairman, to replace Sir Bob Scholey, then executive chairman, had initially been greeted as a suitable injection of new blood. Last November, the company declared a pre-tax loss of £51m for the half year to October 3, and omitted its interim dividend. But Sir Alistair had yet to make any impact, probably because of his brief sojourn.

The company's answer to the so-called Cadbury code, which favours splitting the roles of chairman and chief executive, is to elevate non-executive director Sir Nicholas Goodison to deputy chairman, alongside Sir Ronald Halstead. Sir Nicholas, member of the British Steel board since 1989 and a prominent spokesman in the corporate governance debate, will be "formally responsible" for implementing the code's requirements.

Having missed the opportunity to find another outsider to be non-executive chairman, it now seems likely that the next search will in due course be for a chief executive. John McDowall and Tony Pedder, only on the board since last May, are thought likely to be candidates eventually.

A chartered accountant by training, 54-year-old Moffat (left) has been at British Steel for 25 years, serving as finance director between 1986 and 1991.

AIRBUS INDUSTRIE, the European aircraft consortium, has appointed a 54-year old German aerospace engineer as its new chief operating officer.

Volker von Tein will replace another German, Heribert Flosdorff, in the number two position after the managing director, Jean Pierson.

Since the post of chief operating officer was created in 1989 following an exhaustive review of the consortium's management structure, the job has traditionally gone to a German.

Von Tein comes from Deutsche Aerospace, the German partner in Airbus. The three other partners are British Aerospace, Aerospatiale of France and Casa of Spain.

At Deutsche Aerospace, von Tein was general manager for space transport and propulsion systems and has also been involved in various international aerospace co-operative programmes.

The new Airbus number two takes over at a particularly difficult and challenging time for the consortium which has been hit by the current prolonged recession in commercial aviation; more than 100 aircraft orders have been cancelled in the past 12 months.

Coutts' new chairman

Sir Ewen Fergusson, the former British ambassador in Paris, is to take over from Sir David Money-Coutts as non-executive chairman of Coutts & Co, bankers to Britain's royal family since the reign of George III.

Sir David, who joined Coutts in 1954 and has been chairman since 1976, is the great great great great grandson of Thomas Coutts. He will remain on the board as a non-executive director. Although it is unusual for Coutts, now owned by National Westminster Bank, to bring in an outsider as chairman, it is not unknown.

Sir Seymour Egerton, who was chairman for 25 years before Sir David took over, was not a member of one of the founding families. However, he did work in the bank for five years before becoming chairman. Sir Ewen, by contrast, joins the board in May and becomes chairman at the end of September. He will also be chairman of Coutts & Co Group and Coutts & Co International Holding in Zurich.

A former Scottish rugby international, Sir Ewen, 60, joined the Foreign Service in 1956. Apart from serving in the British embassy in Addis Ababa and the British Trade Development Office in New York, his career has included stints as ambassador to South Africa and principal private secretary to three foreign secretaries: James Callaghan, Anthony Crosland and David Owen.

Although Coutts has a reputation as one of the world's most exclusive private banks, its recent performance has been lacklustre. Having made pre-tax profits of £19.3m in 1990, it lost £15.2m in 1991,

before making £3m last year. Coutts was acquired by National Provincial Bank in 1920, but it has remained an autonomous part of the NatWest group for many years.

Ian Farnsworth, the managing director, has been appointed a deputy chairman of Coutts & Co from June 1, along with The Hon Nicholas Assheton. (See Observer).

Amber Day picks Carr

Amber Day has appointed a non-executive director to help restore its credibility, damaged by last year's collapse in profits and the departure in September of Philip Green, its controversial chairman and chief executive.

Peter Carr until recently worked in Spain, where he was chief executive of Galerias Preciados from 1988-91, when the group enjoyed an increase in profitability. Before that he spent 11 years, up to 1986, with the stores group Debenhams and was promoted to managing director in 1984. He has also worked for British Home Stores and been a consultant to a number of European retailers.

Carr, 52, is the first of two non-executive appointments promised by Stacey Ellis, also 52, who became chairman in January after leaving Inchcape, the motors and business services group.

Amber Day, which owns the What Everyone Wants discount stores, is still looking for a new chief executive, a role currently being covered by David Thompson, the finance director. "Credibility is beginning to be re-established, both internally and externally," says Ellis.

Other non-execs

- Alan Wheatley, chairman of 3i Group, at FORTE.
- Rosemary Day, operations director of Allied Dunbar, and Robert Dorey, chairman of its finance committee, at LONDON UNDERGROUND.
- Brian Perry, chairman and md of Hogg Robinson, and Evie Soames, a director of Charles Barker, at LIBERTY.
- Kenneth Barnes, Cinven's representative at LEARMONTH & BURCHETT, has resigned following Cinven's sale of its shareholding.

The lighter hearted side of Rouault

William Packer discusses the qualities that make this artist unique

Georges Rouault was born in 1871 and died in 1958 at the age of 87, to be honoured in death by a state funeral in the church of St. Germain-des-Pres in Paris. Even so, for an artist who had been so prominent in that heroic period of the School of Paris in the first two decades of this century, he had remained in his work, as in his life, a man apart. If he was seen from the start, along with Matisse, Vlaminck and Derain, as one of the leading *fauves* – indeed he was shown in the eponymous room at the *Salon d'Automne* of 1905, *la cage aux fauves* – his innate distinctiveness was immediately apparent.

We all know the image, from countless posters and Christmas cards – the dark yet oddly luminous intensity of the colour and the heavy, black delineation of the image, which together betray Rouault's early training in the disciplines of stained-glass: the lowering mood and heavily symbolic religiosity of the imagery; the mournful heads and desolate figures, no less intense.

There is much more to Rouault than that, and it is at once the delight and the achievement of this exhibition to bring back to us the whole artist in all the vigour and authority of his first maturity, fully alive to the spirit of the time and yet always his own man. He had trained as a painter, as had Matisse, in the studio at the *Ecole des Beaux Arts* of the great symbolist painter, Gustave Moreau, and the show opens with a darkly brooding self-portrait of this time, a large drawing of 1895, sadly damaged in the last war.

In 1902, already in his thirties, he suffered a serious mental breakdown. His recovery and return to Paris the following year mark a clear break with the past, at least in his work. He would always remain the symbolist at heart, in the spirit that informs his work, but a symbolist that was now, in the immediacy of the statement and the directness of his method, a fully fledged expressionist – which is where this exhibition starts.

What is surprising is not the change itself, the immediate mastery demonstrated by the new approach. Munch and Ensor had been active for 20 years and expressionism was in the air. Of all French painters of his time, Rouault is closest in feeling to what the German expressionists were doing, or about to do – Schmidt-Rottluff, Kirchner and the rest. And yet any such comparison can only confirm the essential singularity of Rouault's achievement. For with all the raw visual force with which the particular subjects are seen and presented, there is also a countervailing technical sophistication that is entirely French – that graphic, realist tradition of Lautrec and Degas, Forain and Daumier. It is the combination that makes Rouault unique.

There is, too, a further surprise; for, in qualifying and moderating Rouault's authority, both moral and technical, there is revealed in the work a delicacy and lightness of touch, a quality of graphic knowingness and wit that I, for one, had not expected. Once noticed, it is obvious enough. But his work has for so long been shown in single spies, or small groups at best, that such lightness is all too readily swamped. The works are shown here in groups related by theme, and suddenly how much there is to relish and enjoy in these low-life tableaux, these rows of prostitutes and fairground Aunt Sallys, these clowns and players and lugubrious judges.

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To go from the Academy to its constituents: two Royal Academicians have shows current, though there is barely space here to do more than recommend them to you. Adrian Berg indeed has two on the go: the larger, at the Barbican, a retrospective tour through the particular landscape subjects that have engaged him these 20 years and more, from Regent's Park to the Lake District; the smaller, at the Piccadilly, of the extended series of watercolour studies of the sea and cliffs between Brighton and Beachy Head that occupied him through the summer of last year.

Berg is among the most adventurous and radical of our landscape painters, nothing loath to simplify and abstract the image; to indulge colour for its own sake; to fix upon the particular qualities of the mark to see where that might lead; to shift his point of view within the subject, or even physically to turn the canvas on its side and upside-down. The paradox is that such independence of spirit is the direct function of the close attention he invariably fixes upon his subject, immersing himself in it day by day, even season by season. In the days when he lived high above Regent's Park, his paintings would often follow the cycle of the year; and, the next year, around again.

Bernard Dunstan, at Agnew's, is the most accomplished of painters and a master of pastel, which, of all the graphic media, is the most delicately demanding. He is an *intimiste*, a life-long student of Bonnard and Vuillard, moderated by an Englishman's cooler sympathies for Sickert and Nicholson. His subjects are the interior; the chamber orchestra in concert; the nude caught in the morning light; and the civilised cityscape, most of all of Venice, in all lights and all weathers. He does what he does quite beautifully and suffers thereby in his critical reputation: for how, to the serious-minded, can anything so charming be at all serious?

Georges Rouault: The Early Years, 1903-1920; Royal Academy, Piccadilly W1 until June 6, sponsored by BMW 8 Series in association with Harpers & Queen. Adrian Berg: A Sense of Place; Barbican Concourse Gallery until April 17, then on to Bath, Plymouth, Newport (Gwent), Sheffield, Newcastle-upon-Tyne and Edinburgh. Adrian Berg: The South Coast; the Piccadilly Gallery, 16 Cork Street W1, until April 17. Bernard Dunstan: recent paintings, pastels and lithographs; Agnew's, 43 Old Bond Street W1, until April 16

'Mother and Child', 1905 by Georges Rouault: watercolour, gouache and oil on paper

Opera/Max Loppert

Miller's 'Maria Stuarda'

For the Opéra de Monte-Carlo Jonathan Miller is engaged on a substantial Donizetti enterprise: the so-called "Tudor trilogy" in annual instalments. Last year it was *Roberto Devereux*; *Maria Stuarda* has just opened at the Monte Carlo Opera House; next year *Anna Bolena* completes the cycle.

Every *Maria Stuarda* revival is inherently interesting – the opera, patchy in inspiration, reaches peaks of fiery excitement the equal of any in Italian Romantic opera. In addition, this latest has developed an unexpected topicality for British opera-goers: it will be presented at this year's Buxton Festival, in part-replacement of the programme devised by Jane Glover and then ditched – at the eleventh hour, and in controversial circumstances – by the Buxton board.

The most positive verdict I could eke out, at the close of Friday's performance, is that with a sustained effort of preliminary re-thinking and (if at all possible) re-casting, the show may just scrape by at Buxton. It affords at least the secure foundation of a handsome, strongly imagined permanent wooden set (designed by the young Israeli Roni Toren), which manages to suggest both "authentic" 16th-century theatre practice and a modern economy of stage effect. Clare Mitchell's costumes are similarly well executed. The basic production conception – each new scene a kind of vivified picture tableau (Act 1 straight out of Hilliard) – has been supported by the designers with precisely detailed work.

Beyond this, however, I spent most of the evening trying to figure out what on earth Miller was up to. In one of the many aggrieved interviews he has recently given to the British press (mainly on the subject of his unwarranted neglect by our own opera houses), he poured out his misery at having to work so much abroad, and particularly in Monte Carlo, whose populace he defined as "tax-dodging, fur-coated fools". Could the amazing blankness of the show, the extraordinary inertia that settled on its characters and situation, be a subtle feat of producer's irony – an attempt to "place" the audience level and criticise it all at one go?

The dramatic rationale of the evening, seldom contradicted, was that the principals ambled in to take up their positions and go through their (slow) motions; quick-witted delivery of, or response to, words seemed out of the question. At the opera's climax – Mary shouts "Vil bastarda!" at Elizabeth, who summons guards to surround her rival – the placid trotting-in of the soldiers was a moment of unintended opera comedy of the purest sort, although for anyone who remembers the lightning-forks of excitement John Copley, Janet Baker, Pauline Tinsley and the ENO chorus let loose at the Coliseum in 1973, it was a moment mixed with puzzlement and even sadness.

With a single exception the cast lacked the personality and command of the *bel canto* arts necessary to penetrate the veil of minimalist direction thus thrown over the opera (and in the routine conducting of Gianfranco Masini there was little countervailing inspiration). Christine Weidinger (Mary), a sympathetic but very uneven soprano, and Mariana Cioromila (Elizabeth), a competent, vocally unyielding mezzo, sustained this rule; Keith Lewis, a Leicester of ardent, elegant vocal style, provided its single exception. Unfortunately, it is the leading ladies, rather than the leading man, who will accompany this production on its transfer to Buxton.

Opéra de Monte-Carlo: final performance on Thursday

European Community Youth Orchestra

The main theme of Sunday's concert at the Royal Festival Hall was youth. The event was being given in aid of the Keyboard Charitable Trust for Young Professional Performers and the organisers had ingeniously brought together the European Community Youth Orchestra with both a youthful soloist and a still young conductor, at least for the second half.

Yevgeny Kissin announced his energy, boldness, youthful super-confidence from the first notes that he played. One rarely hears the opening flourishes of Beethoven's "Emperor" Piano Concerto so bright and forward. The whole performance was dominated by Kissin, even when the piano part had relatively unimportant material, because his playing was consistently up-front, demanding to be heard before anything else that was going on.

By chance I had not caught this concerto live for a while and one of the last performers was Claudio Arrau, then well into his 80s. It is easy to generalise, but these two performances really were at the opposite extremes – Arrau thoughtful and mellow, glowing with maturity, Kissin all unabashed power and brilliance. The note-by-note clarity of his scales was dazzling; his attack was metallic and forceful.

Played like this, Beethoven can easily start to sound relentlessly triumphal, the "Emperor" Concerto more than most. The saving grace on this occasion was the effervescence with which the conception was carried through. At one point in the finale, as Claudio Abbado visibly galvanised his orchestra into matching the pianist's ebullience, Kissin let a smile pass across his face – silent recognition that his verve had won through.

After the interval Abbado passed the baton to Mark Wigglesworth for Shostakovich's Tenth Symphony. This is the sort of piece in which young players can shine. The virtuosity demanded by Shostakovich is of unanimity, of fearless attack, of bold colours, and in those categories the ECYO musicians are pretty impressive. It is remarkable what a difference it makes when every member of an orchestra is giving his or her all, right to the back desk of the violas.

At the risk of pushing the evening's leitmotif too far, it is possible to say that Wigglesworth also has a young man's view of the symphony. The first big climax impatiently arrived too early; later outbursts sometimes ignited spontaneously, rather than coming as the logical end of Shostakovich's long, slow fuse. But the performance had energy and character. It was exciting in the right, youthful way.

Richard Fairman

Song recitals in London

Jerry Hadley, Jennifer Larmore

Jerry Hadley's recital attracted a surprisingly small audience to the Purcell Room on Wednesday. London's regular canary-fanciers were generally conspicuous by their absence. The first night of *Pelléas* across the river may have accounted for some of them, though that opera is unpromising territory for canaries; otherwise the lack of response to what is by any standards one of the most refreshingly direct and attractive tenor voices of the present generation was hard to explain.

The biography in the programme categorised Jerry Hadley as "highly regarded as a cross-over artist", and his choice of programme seemed designed to emphasise this versatility. Mainstream 19th-century repertory (Schumann's *Dichterliebe*, Liszt's Petrach Sonnets) began the programme, folk-song arrangements and modern American settings ended it. The latter came over as more convincing, for although Hadley occasionally alighted upon a rapt, concentrated tone for some of the *Lieder* – the last of the Petrach settings, "I vidi in terra angelici costumi" in particular was wonderfully sustained and controlled vocally – the approach seemed too generalised and extrovert, too full-throated, to probe beneath the surface of the songs for further expressive layers.

Cheryll Drake, Hadley's wife, was his accompanist; she was rather plain and unprepossessing in the art songs, more supportive in the vernacular numbers. Britten's arrangements had been originally promised for the folk songs, but most of this selection had been titivated in a heavy-handed way by Luigi Zaninelli, whose unfailing trick seemed to be a canon between the piano and vocal line in the last verse of every song.

Hadley, though, delivered them all ("The Water is Wide", "Black is the Color", "Shenandoah", "Sweet Betsy") with unaffected good humour, and also made excellent cases for Rochberg's "Rise Up, My Love" (strikingly Tippett-like in its figuration – what a good job Hadley would make of *The Heart's Assurance*!), a John Duke setting of e e cummings, and John Alden Carpenter's "Serenade". Far from losing their subtlety and poise such settings positively thrive on the larger-than-life qualities that seem to be his mainstays as a recitalist.

Andrew Clements

Jennifer Larmore, another American singer currently riding high in international opera-house esteem, managed to fill the Wigmore Hall for Sunday's recital – her first in London. Miss Larmore's mezzo-soprano is an instrument of extraordinary beauty, at once full and agile, graceful in slow music and brilliantly fleet in fast, its rich tints evenly spread across a compass of more than two octaves; and since she is also fair of face and figure, the promise of the occasion seemed immense.

In truth, it was a good deal less than completely realised. The programme – ridiculously short measure, as is now the rule – played to the singer's particular strengths: a group of Handel arias to show off the splendour of her fast flourishes, French arias (by Massenet) and songs (by Gounod and Fauré) to remind us of her refined sensibility in that field (she is based in France, and was a redeeming feature of the otherwise wretched Covent Garden *Huguenots*), and Spanish songs and Rossini to provide a vivacious close.

And yet the impression far too much of the time was of a finely schooled singer expertly going through her paces, not an artist stirred to urgent communication with an audience. Words were mouthed, not delivered. Phrases were touched in, not shaped. When it came to the closing account of "Una voce poco fa", the sudden increase in appetite, in a sense of "go", underlined what we had been missing earlier. (Miss Larmore has just finished a run of Covent Garden *Barbers*.) It was odd to encounter John Constable, normally a pianist of unflappable aplomb, on such peccable form.

Max Loppert

'Rigoletto' in Los Angeles

Even two Domingos failed to raise the Los Angeles Music Center Opera's *Rigoletto* – originally to have been a new production by film director Peter Medak – above routine. Marta Domingo, the famous tenor's (and in this case conductor's) wife, made her American debut as the producer of a beautiful if traditional staging (originally by Zack Brown) borrowed from Washington Opera.

At the third performance, neither Domingo seemed to have determined where the accents fall. The distracting business of the page's entrance in Act 2 caused more of a fuss than the jester's "Cortigiani" moments later. Mrs Domingo confined her innovations to the serving up of Monterone's daughter – on a silver platter born by four courtiers – in the opening scene; conjured the nicest Sparafucile you would ever care to meet; and otherwise monitored safety.

Conducting a frequently sluggish *Rigoletto*, Placido Domingo similarly showed little interest in shaping the score or even regulating instrumental balances, allowing the music's most obvious features to prevail over its subtleties. Unsettling mid-aria tempo shifts kept the singers' eyes glued to the pit. The drama and atmospherics of the final act brought out his best work (as it did Verdi's); and in the conductor's old role, the Duke of Mantua, Richard Leech made increasingly ample and attractive sounds, although his arias lacked finish.

Justino Diaz's debut in the title role found him lacking the requisite vocal resources. Looking out of place in a jester's costume and trying to appear as disagreeable as possible, he alternately talked and barked the part – until Ann Panagulias's melting "Tutte le feste" coaxed him into song and involvement. Her exquisite Gilda brought conviction at every appearance and her performance had a galvanising effect on her colleagues. As she approached the tavern, one wanted to call out to her not to go in. By the last act Verdi was back in control and the opera reasserted its power.

Timothy Pfaff

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Muziektheater Tonight: final performance of Pierre Audi's Netherlands Opera production of Monteverdi's Ulisse, with Anthony Rolfe Johnson and Graciela Araya. Tomorrow, Fri, Sat, Sun afternoon, next Tues, Thurs, Fri: Dutch National Ballet's Tchaikovsky programme, with choreographies by Balanchine and Edouard Lock (6255 455)
Concertgebouw Tonight: Ton Koopman conducts Amsterdam Baroque Orchestra in works by Bach, Vivaldi and Haydn, with cello soloist Yo Yo Ma. Tomorrow: Ma is soloist with Amsterdam Drama Orchestra. Fri evening, Sun lunchtime: Koopman conducts Bach's Matthew Passion. Sat afternoon: Valery Gergiev conducts Radio Philharmonic Orchestra in works by Strauss, Ravel, Prokofiev and Stravinsky, with piano soloist Alexander Toradze. Sat evening: Muhai Tang conducts Royal Flanders Philharmonic in Rakhmaninov and Brahms/Schoenberg. Sun evening: Kathleen Battle song recital (6718 345)
Beurs van Berlage Sat: Kenneth Montgomery conducts Utrecht Conservatory Orchestra in works by Strauss and Debussy. Sun afternoon: Fodor Quintet with pianist Ronald Brautigam play chamber music by Poulenc and others (6270 466)

BRUSSELS

Palais des Beaux Arts Tonight: Tokyo String Quartet plays works by Haydn and Bartok. Next Mon: Ivan Moravec piano recital. Next Tues: New York Philharmonic Orchestra (507 8200)
Monnaie Thurs: René Jacobs conducts first night of Herbert Wernicke's new production of Cavalli's La Calisto, with a cast including Maria Bayo, Simon Keenlyside and Dominique Visse. Repeated April 2, 4, 6, 8, 9, 11 (218 1211)
Théâtre National Daily till Sat: Racine's classical tragedy Phèdre, directed by Jean-Marie Villégier (217 0303)

CHICAGO

This week's Chicago Symphony Orchestra concerts are conducted by Christoph Eschenbach. Tonight's programme includes music by Dvorak, Tchaikovsky and Mozart. Thurs, Fri, Sat, next Tues: Eschenbach plays three Mozart piano concertos (435 6666)

GENEVA

Théâtre de Carouge Monique Lachère's new play about Catherine de Medici, daily till Sun (343 4343)
Comédie Roger Planchon's play La Remise, directed by Alain Françon daily till Sat (320 5001)
Grand Théâtre Next Mon: first night of triple bill consisting of Schoenberg's Erwartung and Pierrot Lunaire, and Berg's Der Wein. David Porcelijn conducts a staging by Pierre Strosser (311 2311)

THE HAGUE

Dr Anton Philipszaal Tomorrow: Reinbert de Leeuw conducts Schoenberg Ensemble in works by Korndorf, Scriabin and others. Sat evening, Sun afternoon: Janos Furst conducts Hague Philharmonic Orchestra in Rossini, Liszt, Barber and Kodaly, with piano soloist Barry Douglas (360 9810)

ROTTERDAM

De Doelen Sat and Sun: Matthias Bamert conducts Rotterdam Philharmonic Orchestra in works by Elliott Carter, with piano soloist Ursula Oppens (413 2490)

UTRECHT

Vredenburg Tonight, next Mon, Tues: Bach's Matthew Passion. Tonight (in small hall): Cleveland Quartet. Thurs: Valery Gergiev conducts Radio Philharmonic Orchestra in works by Strauss, Ravel, Prokofiev and Stravinsky, with piano soloist Alexander Toradze. Sat: Graeme Jenkins conducts Radio Symphony Orchestra in MacCunn, Elgar and Handel, with cellist Julian Lloyd Webber. Sun: Muhai Tang conducts Royal Flanders Philharmonic in Rakhmaninov and Beethoven, with pianist Sergio Tiempo. Sun evening: Kenneth Montgomery conducts works by Strauss and Debussy (314544)

VIENNA

Konzerthaus Tonight: Kurt Masur conducts New York Philharmonic Orchestra in works by Hindemith and Dvorak. Tomorrow: Nana Mouskouri. Tomorrow (Mozart Saal): London Baroque play works by Handel, Stanley, Boyce and others. Thurs: Olli Mustonen piano recital. April 18, 19: Kirov Opera (712 1211)
Musikverein Tonight: Peter Schreier conducts Leipzig Bach Orchestra and Radio Chorus in Bach's St John Passion, with Robert Holl, Sylvia McNair, John Mark Ainsley and Andreas Schmidt. Tomorrow, Thurs, Sat: Horst Stein conducts Vienna Symphony Orchestra in works by Sibelius, Berger, Debussy and Ravel, with violin soloist Christian Altenburger. Sat afternoon, Sun morning: Seiji Ozawa conducts Vienna Philharmonic Orchestra in Haydn, Bartok and Rimsky-Korsakov (505 8190)
Staatsoper Tonight, Fri, next Mon: Seiji Ozawa conducts Falstaff, with Benjamin Luxon, Vladimir Chernov and Nancy Gustafson. Tomorrow: Donald Runnicles conducts Il barbiere di Siviglia, with Gloria Scalchi, Rockwell Blake and Enzo Dara. Sat: Salome with Marilyn Zschau and Leonie Rysanek. Sun: Tosca with Maria Guleghina (51444 2956)
Volksoper Tonight: Le nozze di Figaro. Tomorrow: Der Vogelhändler. Thurs: Lady Macbeth of Mtsensk. Fri: Der Freischutz. Sat: Eugene Onegin. Sun: Das Land des Lächelns . Mon: Cunning Little Vixen (51444 2959)

WASHINGTON

Kennedy Center
Dance Theatre of Harlem opens a two-week season in the Opera House tonight with choreographies by Balanchine, Smuin and Alley (repeated tomorrow and Thurs). Fri, Sat, Sun: works by North and Franklin. Iona Brown directs National Symphony Orchestra in a Richard Strauss and Vivaldi programme tonight in the Concert Hall, followed by an all-Bach programme on Thurs, Fri, Sat and next Tues (202-467 4600)
Baltimore Symphony Orchestra Thurs, Fri, Sat at Joseph Meyerhoff Symphony Hall: David Zinman conducts works by Chopin and Sibelius, with piano soloist Nelson Freire (410-783 8000)

THEATRE

- Six Degrees of Separation: John Guare's long-running Broadway play, directed by Jerry Zaks, is a tragic satire of 1980s New York among the be's and wannabe's. Daily till Sun (National Theater 202-628 6161)
- Imagine Drowning: Terry Johnson's play set in the sinister environment of a boarding house on the Maine coast. Till April 11 (Studio Theater 202-332 3300)
- Day Trips: Jo Carson's memory play about the dreams and reality of three generations of women coping with the challenges of their ages. Till April 25 (Roundhouse Theater 301-217 3300)

JAZZ/CABARET

Barns of Wolf Trap Tonight and tomorrow: singer/songwriters Lowen and Navarro. Fri: music from eastern Europe and central Asia, including Croatian tamburitza from Chicago and Bukaran Jewish Ensemble. Sat: music from Belize, Cuba and Mexico (1624 Trap Road, Vienna, Virginia, 703-255 1916)
Blues Alley Jazz Supperclub Tonight: tribute to John Coltrane (1073 Wisconsin Ave, in the alley, 202-337 4141)

ZURICH

Schauspielhaus The main event this week is the premiere on Sat of Arie Zinger's new production of Ibsen's Hedda Gabler, followed on Sun morning by a discussion with Giorgio Strehler. The repertory also includes Botho Strauss' Kalldewey Farce tonight, Brendan Behan's The Hostage tomorrow, Fri and Sun, and Goethe's Clavigo on Thurs (221 2283)
Opernhaus Tonight, Fri and next Tues: Ruth Berghaus' production of Elektra, with Deborah Polaski and Reinhild Runkel. Tomorrow: Il barbiere di Siviglia. Thurs and Sat: Massenet's Herodiade with Grace Bumbry. Sun (also April 8, 10, 12, 15): Die Walkure with Janis Martin, Lucia Popp, Robert Schunk and Alfred Muff. April 13: Thomas Hampson song recital (262 0909)
Tonhalle Tomorrow: Erich Leinsdorf conducts Tonhalle Orchestra in works by Bach and Mahler, with soprano Roberta Alexander. Thurs: Artis Quartet plays Mozart and Zemlinsky (206 3434)

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Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Arts Guide

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandanavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

Struggle to clinch a sale

Patrick Blum examines the prospects for privatisation in the Czech and Slovak republics

Last year, the voucher scheme to put the assets of the now-divided republic of Czechoslovakia into private hands held out the hope of prosperity for millions of ordinary Czechs and Slovaks. But those who participated in the privatisation programme – one of the most ambitious in the former communist bloc – are now wondering when – or if – they will receive their shares.

Investors were given a jolt last week when the Czech government announced it was preparing to seize shares in Czech industry due to be allocated to Slovak investors. The move reflects a deterioration in relations between the two new republics arising from a bitter dispute over the allocation of assets belonging to the former Czechoslovakia – ranging from national reserves to state buildings.

Under the privatisation scheme, applicants bought vouchers which they could use to bid for shares. Every citizen aged 18 or more could buy one voucher book for Kcs1,035 (US$35) – roughly equivalent to a week's wages. Each book was worth 1,000 investment points to be used to bid for shares in five bidding rounds. The first round was held in June 1992, and the final round was held last December. Shares were to be transferred, starting yesterday, but distribution has been delayed until after Slovak investors have been identified.

The Slovak government reacted angrily to the announcement from Prague, but ruled out retaliatory action. The move also dismayed investment fund managers who believe the action could undermine confidence in the nascent Czech stock market.

The Czech government insists its privatisation programme will not be affected; shares will be transferred to Czech investors after what it hopes will be only a short delay. Slovak investors will be given partial compensation. None the less, uncertainty surrounding the scheme has been heightened.

No one knows quite what to expect when the shares are finally transferred. Officials hope the programme will give birth to a lively securities market and bolster the countries' emerging market economies. But some economists warn of a collapse in share prices from their nominal values and of confidence in capitalism.

The truth probably lies somewhere in between, with winners as well as losers among the 8.5m investors who bought stakes indirectly in 1,500 companies with an estimated book value of more than $10bn. A handful of financial institutions will make big gains. Many small investors may jump at the opportunity to make a quick profit by cashing in their shares, while others, with stakes in heavily loss-making companies, will be left with worthless paper. In the background, foreign investors are watching closely.

The decision to privatise state industry through a voucher scheme was the preferred option of the Czechoslovak government because it believed it would provide the widest possible dispersion of assets.

Initially, the government's offer met a lukewarm response. But interest grew when Prague-based Harvard Capital and Consulting (HC&C), a private investment fund, offered to buy portfolios from investors for 10 times the nominal price of their voucher books one year after the distribution of shares. Other funds followed, offering similar or higher returns. The prospect of certain profit enticed inexperienced investors to buy vouchers and leave it to the funds to make the investment decisions.

The response to the funds' offers created an unexpected concentration of privatised assets. According to a recent report by PlanEcon, the US consultancy group, the nine largest funds – there are more than 400 – control almost half of all investment points. By contrast, direct investment by individuals accounts for only 28 per cent of vouchers.

"What you have is not a new class of entrepreneurs, but a change in ownership. Instead of government ministries, the bulk of what was privatised is now controlled by a small group of private institutional investors," says Mr Jan Vanous, president of PlanEcon.

Mr Jiri Skalicky, Czech privatisation minister, is cautious about interpreting these developments. "I cannot say that I'm happy with this situation, or not. What is important is how the voucher funds will operate and act as managers."

Individual funds cannot hold more than 20 per cent in privatised companies – those with larger stakes must sell surplus shares by the end of the year. Mr Skalicky says this will ensure single investors cannot block decisions. But funds have already joined forces in some companies to impose management changes.

"The funds don't have share certificates yet, but they're acting like shareholders and they want to influence the running of companies," says Mr Richard Surrey, an executive with Squire, Sanders & Dempsey, the US law firm which has helped to implement the privatisation programme.

But many funds are short of cash to make good their promises to investors and will be under considerable pressure to sell shares to raise money. Moreover, they have no experience in managing extensive portfolios or manufacturing companies. The fear is that they will seek quick returns by selling company assets.

Mr Skalicky says these problems should not be exaggerated. "The funds will behave differently. Some will focus on a smaller number of companies in which they'll want to play an active role; others will act more like portfolio managers. The market won't collapse."

Not everyone agrees. "The market is shallow. If funds have to sell shares, it will cause problems, though there are lots of foreign investors waiting exactly for that to happen," Mr Surrey says.

Foreigners could not invest directly in voucher privatisation, but they will be able to buy shares on the secondary market. "Labour costs are about one tenth of those in Germany. It's an ideal situation for a foreign company wanting to buy a factory or two," says one analyst.

Analysts expect foreign investors will have an important influence on the market's development. "The behaviour of foreign investors will be critical in determining how deep the initial plunge in [share] prices is, and when the recovery takes place," says PlanEcon. It may also determine whether investors think it worthwhile to hold on to their shares and whether the objective of popular capitalism will be attained. For many investors, however, that dream may already have been swept away by the dispute between the two new republics.

Joe Rogaly

A test for John Patten

The secretary for education, Mr John Patten, faces a simple test this summer. He will be required to answer, preferably on one side of a sheet of paper, one of the following questions:

1. Why are teachers refusing to test schoolchildren?
2. A secretary for education must convince teachers that the tests required under the national curriculum are sensible. Discuss.
3. When everyone says you are mistaken, is it possible that you are wrong?

Mr Patten appears not to know how to tackle these questions. If he fails he should be assessed as a dunce. The first task of any education secretary is to establish a rapport with teachers. Mr Patten has not done so. The evidence is before our eyes, in the current of discontent running through the staff common rooms of Britain's secondary schools.

It is important to be clear about this. I am not talking about the teachers' trade unions, but teachers themselves. The absurdly posturing National Association of Schoolmasters/Union of Women Teachers, the second largest of the six unions, proposes to boycott all the national tests due in June. The more focused National Union of Teachers, the largest union, threatens to sabotage the English test for 14-year-olds. It will ballot its members in May. The Secondary Heads Association decided last week that its members will not try to prevent disruption of the English tests. The SHA may, however, allow headteachers to snitch on their staff, by reporting them to the school governors or the local education authority. Either could discipline any recalcitrant. The larger National Association of Head Teachers has hummed and hawed. Thus do the associations of principals balance their principles.

If the above was the whole story Mr Patten would deserve support. The correct attitude to teaching unions that call strikes or boycotts is to thump them hard, and bankrupt them when they break the law. What is different this time is that it is ordinary, non-loony teachers who are unsettled. We need to understand why.

The explanation begins with the Education Reform Act, potentially the most beneficial legislation of the 1980s. It followed a decade of dithering about the low expectations of England's schoolteachers, many of them befuddled by "child-centred" theories of pedagogy. The new law smashed the previously locked door to the "secret garden" – the little acres of classroom in which teachers strutted like gods – and imposed a structure on the system. The foundations of a national curriculum were laid. The next step, national tests at various stages of a child's life, seemed to follow logically.

It is ordinary, non-loony teachers who are unsettled. We need to understand why

Teachers resisted testing even more than the idea of a curriculum imposed by law. What they particularly disliked was testing designed to measure their own output, rather than the progress of the children. Conservatives of the fundamentalist-right persuasion on education wanted quick, simple written tests, not unlike those used in public schools. Progressives of the fundamentalist left wanted continuous assessment of children's progress, controlled by the teachers. At the education department the assembled civil servants rubbed their hands. They gave the left the semblance of what it wanted, disguised as a presentation to the right.

Enter Lord Griffiths of Fforestfach. When he was plain Professor Brian Griffiths he was adviser to the prime minister, then plain Mrs Margaret Thatcher. Speaking for the right, he concurred with his then boss, whose instinct was that the 10-layered, multi-choice, paper-heavy system about to be approved by Mr Kenneth Baker, the education secretary of the time, would eventually collapse under its own bureaucratic weight.

Mr Baker's several successors did their best to simplify the original plans. The chief inspector of schools reported yesterday that the slimmed-down (but still copious) tests at primary school level are working, and that the quality of teaching of and learning by seven-year-olds has improved. His report found fault with both teaching and assessment in secondary schools, which are at an earlier stage of introducing the new system.

In due course Lord Griffiths became chairman of the school examinations and assessment council, SEAC. To the proponents of simple testing its draft English assessment schemes looked like prime examples of what they call the "educational establishment's juggernaut". It tested too much imagination and too little hard knowledge, too much free-flow of ideas and not enough basic skills. It took forever to get through. Lord Griffith tried to improve what he found. SEAC's 1993 90-minute and one-hour tests go the other way. Preparation requires brief reading from a slim anthology. The tests aim to assess whether the children have been taught to comprehend what they read. They take note of skills in grammar, the child's vocabulary, a short piece of writing, and evidence of some prior reading. No wonder English teachers hate them.

Mr Patten has to regain control of the argument. Just the other day the education secretary attended a meeting at the Centre for Policy Studies (co-founder: M. Thatcher) at which Lord Skidelsky, a member of SEAC, tore into the system of tests, which he described as a fudge between the doctrine that testing should be diagnostic of individual educational strengths and weaknesses and the government's desire to measure the effectiveness of teaching and schools. Professor Griffiths was there, as were Mr David Pascall, chairman of the National Curriculum Council (NCC) and several other key players.

I do not know if Mr Patten got the message. His civil servants assume absolute control over the curriculum and testing when, later this year, Sir Ron Dearing, ex the Post Office, merges the NCC and SEAC into a new acronym. What the thus even more powerful education department should do is plain. National tests should be simplified on Griffiths lines. That would give the government its measures of performance. It would save much classroom time. Teachers could use the spare hours for their preferred style of continuous diagnostic assessments. Such a Jack-and-Mrs Sprat ending could only be brought about by a confident minister, blessed with the confidence of the teachers. If this paragon turns out to be John Patten I shall stay after class and write 100 lines.

LETTERS TO THE EDITOR

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The best bet that France can make

From L van den Muyzenberg.

Sir, John Plender's article, "Le doomsday machine" (March 26), claims that France should abandon its *franc fort* policy mainly because of probable bank losses in property. The choice is easy: for all Frenchmen to lose overnight, say, 20 per cent of their purchasing power, measured in D-Marks, Swiss francs, dollars, yen. In addition is the certainty of increasing inflation versus property losses by the banks.

Property losses by the banks will teach them that they should be more open to invest in the risky business of industry rather than in what they have imagined so far to be the no risk property market. Low inflation is guaranteed to lead to industrial investment, competitiveness, and increasing employment, with admittedly an unpredictable time lag. Devaluation is guaranteed to lead to inflation, wealth reduction and, at best, short-term competitive gain. The choice is easy. Long-term wealth!

Furthermore, few things are as damaging to an exporting manufacturer as that his export profits can disappear overnight through currency fluctuations. Almost nothing will do more to facilitate trade than fixed exchange rates. Whether the French will succeed to maintain the parity between the D-Mark is a gamble, but is probably one of the best bets France can make – for France and for Europe including Britain.

Laurens van den Muyzenberg,
MMC Management Consultants,
1 Queens Terrace,
Windsor SL4 2AR

Aggrieved at support by finance directors of ACT changes

From Mr Fabian Finlay.

Sir, The chancellor has been given an excuse to bring back a surcharge on dividend income in the guise of his Budget changes to the advance corporation tax regime by a small group of self-serving finance directors who have campaigned for changes in the ACT system. These directors, in complaining about surplus advance corporation tax, have put their own interests in building a larger power base ahead of their shareholders' interests. They fail to recognise that any cost so incurred by the company has always been a credit to the shareholder. Due to their campaigning, that situation has ended and the chancellor is taking the opportunity to raise substantial additional amounts of taxation from corporate shareholders.

I hope that the pension funds most aggrieved by this development will exercise their substantial muscle in voting against the reappointment of any finance director who has been a party to this campaign.

Fabian J A Finlay,
9 North Audley Street,
London W1Y 1WF

Age no barrier to pensions

From Mr M H Upson.

Sir, Contrary to Alan Smallbone's assertion (Letter, March 26) that pension costs act against the employment prospects of the mature I would suggest he reinvestigates.

The modern pension package is the increasingly popular "money purchase" scheme. It is popular because cost-conscious employers see this as an accurate means of controlling and forecasting payroll costs, regardless of the age or turnover of their employees. Furthermore, many of these types of scheme are not tied to any statutory retirement age. When my grandchildren eventually arrive I know that their first question will be: "What was an actuary, Dad?"

M H Upson,
52 Overstone Road,
Harpenden,
Herts AL5 5PJ

Encouraging clean power

From Mr John Griffiths.

Sir, Is the chancellor's budget proposal to apply a hydrocarbon fuel duty on orimulsion intended to encourage the building of integrated gasification combined cycle (IGCC) clean power plants in the UK?

Orimulsion is not burnt as a fuel in an IGCC power station. Orimulsion feedstock is gasified and sulphur and other contaminants removed from the raw gas. The resulting clean fuel gas fed to the electricity generating section (the combined cycle) is both sulphur and hydrocarbon free and could not be liable for the new tax. Steam and hydrogen for nearby refineries are possible co-products. Coal is an alternative feedstock for such a plant.

John Griffiths,
Nykomb Synergetics
34 Lower Belgrave Street,
London SW1

Kenya has taken the prudent, safe step

From Mr M Ngali.

Sir, Your editorial "Kenya's crisis" (March 24) fails to see the abyss into which Kenya is going into as a result of the latest reforms which were unaccompanied by the necessary and promised balance of payments support. The only prudent, practical and safe step was the reverse one taken which, contrary to your belief, was motivated by the national interests of Kenya.

I believe the western governments and institutions endorsed the results of the Kenyan general elections in December 1992 in principle because they represented the will of the people, not because they foresaw a puppet. There should therefore be no bitterness against the person of the president, as is apparent in your editorial, or a suggestion for an externally supervised general election.

Developing countries, with or without reforms backed by the International Monetary Fund, have for many years been struggling with the deteriorating terms of trade, inflation, unemployment, poverty and unfavourable exchange rates. IMF reforms are therefore not the cure-all prescriptions they are made to appear.

Kenya went the extra mile while the other side baulked on its part of the agreement. No attempt should therefore be made to shift the blame from where it is due.

M Ngali,
Acting High Commissioner,
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London, W1N 4AS

Estonia citizenship laws do not discriminate against minorities

From Mr Kullo Vende.

Sir, Your leader ("Russia's backyard", March 2) seems to have fallen victim to the still powerful Russian propaganda machine. The latter's regular allegations about the so-called "discrimination against Russian minorities in Latvia and Estonia" (a case being Mr Malakhov's letter to you, "Allegation contradicts reality", March 19) have been misleading many political analysts in the world. What some Russian hard-line politicians call discrimination in these republics is nothing but denial of voting franchise to non-citizens and denial of automatic citizenship to former occupants and colonists, and to other illegal immigrants. If those people apply for citizenship in Estonia and pledge to be loyal to the country – also manifesting their loyalty by learning the country's language – they will be admitted to citizenship after a short naturalisation period of two years before, and one year after, submitting the application.

Our citizenship law has been described as one of the mildest of its kind. All human rights are granted to all residents of Estonia and respected to the full. This has been confirmed by several international inspecting missions, including ones from the Council of Europe and the CSCE.

I happened to be in England on your election day last April 9, and I did not in the least feel discriminated against when I was not offered the vote. Had I had such an interest, would your country have acknowledged it?

Perhaps, for one person, you would. But could you imagine this situation: the UK was occupied by another power in the second world war and remained occupied for over 50 years, during which period 36m people were sent by that power to colonise and rule Britain (this figure roughly corresponds to the proportion of illegal aliens in Estonia); last April you were able to hold your first free election since the war, although the troops of the occupying power were still stationed in your country. Would you still have been eager to acknowledge the interest of those millions of aliens, backed by the occupying power, to go to the polls with you?

What you describe as a flashpoint is actually wishful thinking on the part of Russia's hardliners whose propaganda aims at preparing the world in case an opportunity opens to re-annex the Baltic states. Otherwise, there is no national strife in Estonia. Of course, there are Russian-speaking people here who rage against the loss of their former privileges as a ruling nation. They, however, would not yet even dream of becoming citizens of Estonia, as long as they are encouraged to dream of the restoration of the Soviet Union. The acknowledgement of discrimination against them is one kind of such encouragement.

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FINANCIAL TIMES

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Tuesday March 30 1993

Tangled nets in Europe

THE NEW French government will quickly have to bring France's unruly fishermen to heel. International disputes, particularly between neighbours, cannot be solved by such unacceptable behaviour as the seizure of ships and the abduction of naval officers. The malaise of the European fishing industry is much wider than the French fishermen seem to realise. The target of their wrath, cheap imports not only from the UK but particularly from Russia, coupled with demands to ban trade, is misplaced.

The underlying problem is that too many fishermen are chasing too few fish. This structural problem has merely been exposed by the recent collapse in fish prices, more the result of the recession than Russian imports. Banning imports would both harm EC consumers, 30 per cent of whose fish comes from outside the Community, and divert attention from the underlying problem.

The industry's plight is largely the result of advances in technology. Fishing has become an industrialised business, using electronic gadgetry, powerful motors and giant nets. These allow whole schools of fish to be targeted and then scooped out of the sea.

But governments have not been willing to face up to the impact such leaps in productivity have on the numbers of people who can be fruitfully employed in the industry. Instead, they have tried to put off the day of reckoning by handing out subsidies.

The result has not only been a waste of taxpayers' money but the dissipation of the sea's wealth through overfishing. The more intensively the sea is fished, the less fish can be caught because stocks cannot be replenished quickly enough. This is why North Sea stocks of cod and haddock fell by 83 per cent in the 20 years to 1980.

The EC is belatedly trying to stop the rot. It has agreed a four-year plan to cut the Community's fishing fleet by 8 per cent, by paying for some boats to be decommissioned and requiring others to be tied up in port for up to six months. While some action is better than none, the plan is woefully inadequate given that scientists estimate that the fleet's capacity should be cut by 40 per cent.

The problem is that the sea has traditionally been seen as a common resource exploitable by all. Fishermen therefore have an incentive to fish as intensively as possible, although this is contrary to their collective interest.

The allocation of tradeable fishing rights to individual fishermen offers a possible solution. Such an approach, which has been tried in Australia and New Zealand, curbs overfishing and boosts fishermen's incomes. Those leaving the industry also receive compensation, because they can sell their rights to those who remain.

However, moving to such a system in Europe would be complicated by the Common Fisheries Policy. Under this, the European sea is divided into zones. In each zone, an annual limit is set for the total allowable catch for each species of fish, which is then split into national quotas. Quotas are determined by wrangling in the Council of Ministers with policing left to member states.

The result is a European fish map even more balkanised than that proposed for Bosnia. Widespread cheating on quotas has bred mistrust, so undermining the chances of effective collective action. But governments have little incentive to cut back overfishing unless others do the same.

However, the difficulty of creating a more rational system is no excuse for not trying. As a first step, member states should allow the Commission to oversee policing so that individual nations have confidence that others are not cheating. Introducing satellite technology would make this policing effort more effective.

At a second step, there should be a more ambitious scheme to buy fishermen out of the industry. This would cost large sums of money. But the money could be recouped if those remaining in the industry were sold tradeable fishing rights once the market was brought back into balance. By increasing the sea's natural wealth, such an approach would benefit taxpayers, consumers and fishermen.

Gilts galore

ON THE face of it, Wednesday's auction of £2bn of partly paid 20-year gilt-edged stock takes place against an increasingly favourable international and domestic monetary background. Yet there is a problem of credibility; and it is not confined to the sheer volume of gilts that has to be sold to fund a £50bn public sector borrowing requirement in 1993-94.

Since sterling parted company with the exchange rate mechanism the government has chosen to make an inflation target of 1 to 4 per cent the centrepiece of the new policy framework for its counter-inflationary strategy. Its aim is to bring inflation to the lower end of this range by the end of the present parliament. That means that issuing long-dated gilts at a yield of 8¼ to 8½ per cent could cost the taxpayer a minimum real interest rate of 4¼ to 4½ per cent; and if the government is successful in bringing inflation down below 2 per cent, the potential real rate could reach 6½ per cent. By historic standards such rates would be appallingly costly.

One obvious solution to the funding problem would be to raise larger sums at the short end of the market. Yet the authorities retain an aversion for funding at short maturities, for reasons which remain obscure. Despite the recent Budget changes in funding policy, sales of Treasury bills are still not counted as funding. Nor does the government expect to retreat from its practice of avoiding the sale of gilts with maturities of less than three years.

Any Japanese investor considering the merits of a gilt yield of around double that available on longer-dated Japanese government bonds must therefore ask what the inscrutable British are up to. One possible answer is that ministers do not believe their own anti-inflationary rhetoric, and fear that the short-dated stock would have to be refinanced at higher rates later. Another might be that the Bank of England is prey to its old worry about being unable to deliver on its promises to the Treasury in a funding crisis. The second concern would be misplaced in a global market, where the only issue is the price at which supply and demand for funds are matched. The former worry looks all too plausible. It follows that the Treasury should either offer a better rationale for its aversion to short maturities than it has done to date; or it should change its funding policy.

London's forum

IT IS easy to be gloomy about Britain's capital city. Long-term indicators of stress persist: rising crime, homelessness, deficient public transport and poor state schools are the most obvious. To them, the recession has added the echoing canyons of the property crash and a pervasive shabbiness.

The sunnier side of the street is that as the UK economy revives, London is more competitive. Lower office rents mean fewer corporate emigrants to the regions; the capital's long population slide has been arrested. It may be too much to hope for a revival of manufacturing, but London's service economy, in finance, telecommunications, air transport, tourism, culture, the media and other "knowledge" industries, has every chance to prosper.

One aim of London Forum, the government-initiated, business-led body launched yesterday, is to draw attention to this more optimistic aspect. It will focus upon the twin tasks of attracting more visitors and more investment to London, working closely with London First, a business-led agency set up last year to think strategically about that which London Forum will promote.

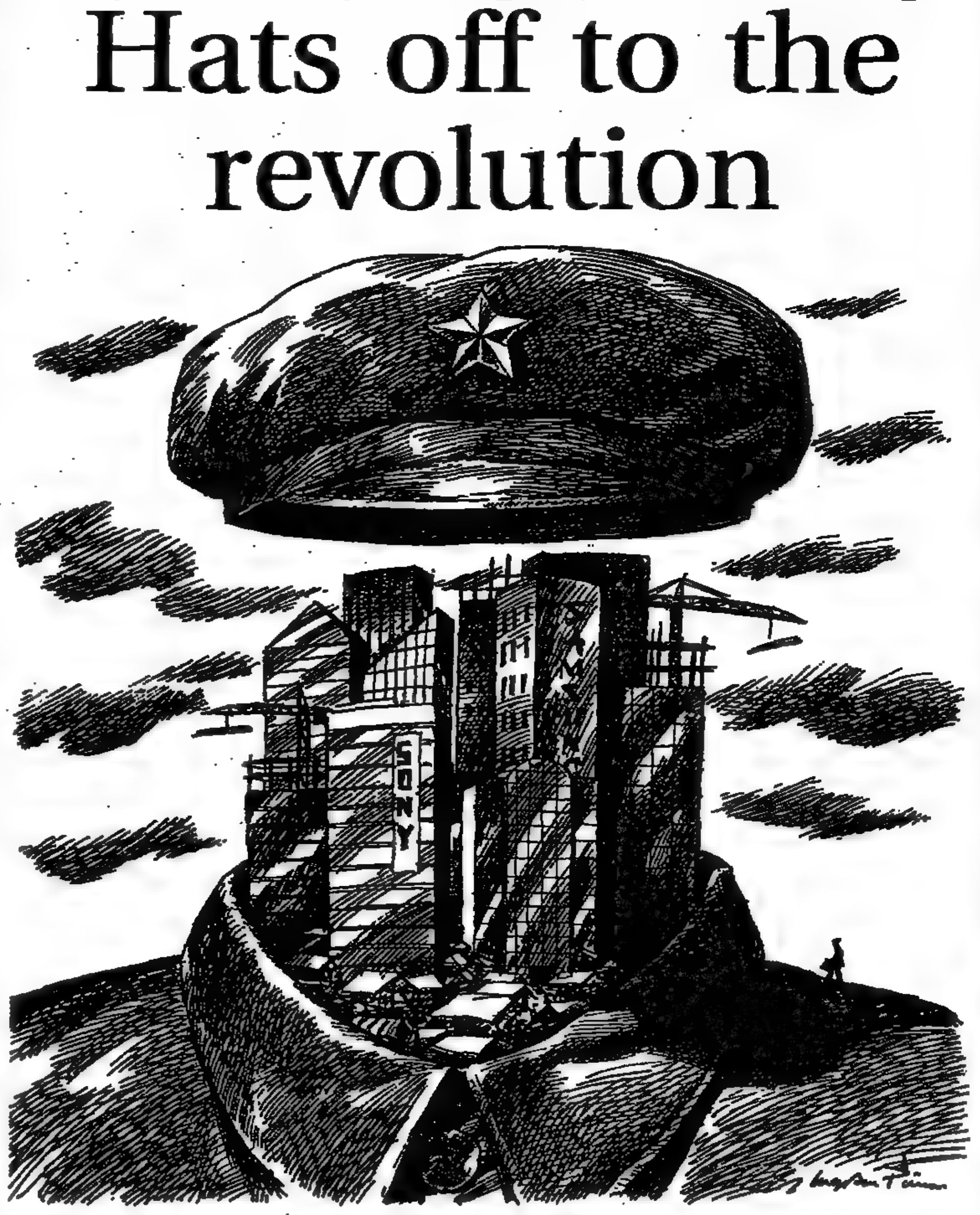
Anyone with a stake in London will wish these two bodies well. If they can think clearly and express themselves effectively, they will deserve to influence policy.

What they cannot alter is the fact that London lacks a strategic tier of government, save that conducted behind closed doors in Whitehall. Although the government has raised the profile of its London policymaking, notably by installing a minister for London transport, the running fiasco of the capital's attempts to define and prioritise transport infrastructure plans, from the Channel Tunnel link to CrossRail, scarcely commends it as a model of effective, let alone open, governance.

The danger is that a government unwilling to think strategically itself is sponsoring one overlapping business-led agency after another, a route which can only lead to frustration and mutual recrimination. For example, if London Forum is to lead the way on inward investment, what is the role of London's nine Training and Enterprise Councils, which certainly think they have that role? But then, Tecs were the government's bright business "partnership" idea of distant 1990.

Tony Walker returns to China after an absence of 10 years to witness an explosion of pent-up entrepreneurship

Hats off to the revolution



It is near midnight at the karaoke bar, and on an elevated stage girls are singing a discordant You Are My Sunshine. Meanwhile, the ladies of the night are brazenly plying their trade among visiting Hong Kong and Taiwanese businessmen.

Elsewhere in Asia, the scene might be unremarkable, but in the heart of Beijing it seems downright bizarre, especially since the discotheque occupies a site where, less than a decade ago, stood a drab, Soviet-style hotel whose doors would be closed by about 10pm.

Coming back to China after an absence of 10 years produces a sensation akin to what it might be like to be placed in a time capsule and jolted forward at tremendous speed. Many times, in the first days, this reporter had considerable difficulty reconciling some of what he was seeing and hearing with memories of the past.

Simple things made the most immediate impact, such as the view from the bedroom of the down-at-heel seventh-floor apartment which, as a family, we had vacated all those years ago, never expecting to return. But now, although the surroundings were familiar – perhaps too familiar – the outlook had changed.

Whereas, before, the vista was one of endless rows of anonymous workers' dormitories, in their place had sprouted modern, high-rise structures replete with blinking neon lights, including a particularly intrusive Samsung sign.

The main thoroughfare outside, which becomes Chang An (Heavenly Peace) Boulevard as it approaches the central Tiananmen Square to the west, is not, alas, nearly as peaceful as it used to be. One of the comforting sounds of the past – muffled hooves of horses and donkeys dragging vegetable carts to market – has been replaced by the roar of trucks through the night.

Traffic, hardly intrusive all those years ago since there were few cars on the road, is catching up with the rest of the world. Traffic jams are now a fact of Beijing life, and are certain to become worse if the city is awarded the Olympic Games in 2000, necessitating a huge capital works programme.

Among a kaleidoscope of new developments, new impulses, new sensations, including a dramatic alteration to Beijing's physical appearance, it may be that the most profound – indeed revolutionary – change has been one of attitude among ordinary Chinese.

Put simply, the entrepreneurial energy of a big slice of mankind has been liberated. The grinding conformity, which prompted some writers insensitively to liken the Chinese to "blue ants", has gone, to be replaced by a diversity that should augur well for the future if people continue to be given reasonable freedom to test the system's commercial limits.

An interesting sign of the times is the disappearance of the word *tongzhi*, or comrade, from everyday use. Ten years ago, it was a handy all-purpose way of addressing both males and females, but now it is resented, partly, one suspects, because of its odious associations with a politically repressive past.

Whatever happens, the freeing of one-fifth of the world's population from the burden of ideology and dogma, assuming that the new flexibility is irreversible, may well prove *the* most important development of the late 20th century – although it would be foolish to predict that all will go smoothly in China, or that further upheaval will be avoided.

In 1983, when I left Peking – this newspaper along with most others had not yet made the shift to Beijing – the Chinese were still wrestling with Mao Zedong's awkward legacy, with its emphasis on debilitating class struggle. At the same time, people hesitantly adopted the new battle hymn of paramount leader Deng Xiaoping and his reform-minded supporters embodied in the slogan: "Practice is the sole criterion of truth."

Ten years later, the flickering debate about Mao's contribution to the revolution – he was judged 70 per cent "good" and 30 per cent "bad" by former comrades – has all but been extinguished. And China has developed in ways that would have been unimaginable a decade ago, and were probably unthinkable in the bleak days after the 1989 massacre of pro-democracy activists in Tiananmen Square.

Not that one can avoid noticing ominous echoes of the past in some official attitudes, and in restrictions that continue to be placed on foreign reporters. Never mind that Beijing is awash with banners proclaiming that a "more open" city awaits nomination for the 2000 Olympics.

A sign of the times is the disappearance of the word 'tongzhi', or comrade, from everyday use because it is now resented

A recent article in an official magazine by the head of the State Bureau of Secrecy – yes, such a body does exist – urging an overhaul of "secrecy policy", did not argue, as might have been expected, for less secrecy but rather for increased vigilance now that China had been opened to the outside world. These regressive views indicate that, behind the glitter of economic reform and quite bewildering changes in some areas, old habits and attitudes die hard.

In one important respect the China of today is not so very different from the one I remember. Even at the grimest moments, there has always been an "otherworldliness" about the place, as if a visitor has joined Alice in an Oriental Wonderland. Thus, Beijing's elaborate Olympic Games bid has not been without its contrived and farcical moments.

While ideology plays a much less conspicuous role in Chinese people's lives, it remains an important prop for China's rulers who have spent much of the past decade groping for a new formula that would allow maximum economic flexibility and yet not be seen as an embarrassing repudiation of the past. Not until October last year at its 14th Congress did the Communist party finally adopt the Dengist formulation – socialist market economy – to affix a formal seal of approval to China's move towards a market economy.

For China's reformers, and the diminutive Mr Deng in particular, it has been a long and frequently bumpy road since the reform phase began in earnest at the 11th Party Congress in October 1978, two years after Mao's death. A decade and a half later – a mere blip in China's history – arguments about Mr Deng's primacy have become redundant; and socialism has been given "Chinese characteristics" – to borrow the inventive Mr Deng's phrase.

All this marks a big leap from the bleak winter of 1979 when I arrived in Peking to find that the city's vast Tiananmen Square was still dominated by portraits of the four "wise men" – Marx, Engels, Lenin and Stalin; the all-important process of officially demystifying Mao had barely begun; the scars of the Cultural Revolution had far from healed; the Mao-appointed acolyte, Hua Guofeng, was still nominally in charge; and the late Chairman's wife and three of her cohorts were awaiting trial for alleged "crimes" committed during the 10 years of madness to 1976.

What *was* under way in the spring of 1980, however, were the first, faltering steps towards the creation of a market economy; and this had begun, appropriately enough, among the peasants in Mr Deng's own province, Sichuan, then under control of Zhao Ziyang, who was later to become China's premier and party boss before his fall in 1989 at the time of the Tiananmen Square massacre.

The government cannot contain the information virus. Satellites have put people in touch with developments outside

China's first "free markets", as they were called, attracted a trickle of foreign reporters who came to marvel at this new phenomenon, which involved a fairly daring repudiation of Maoist strictures against commerce – although it is doubtful that any of us appreciated the significance of what we were seeing then, or could have foreseen the consequences.

Not much more than a decade later, the streets of Chinese cities, towns and hamlets resemble one big "free market"; and along with this explosion of pent-up entrepreneurship has come a colossal improvement in the range and quality of produce.

In the Beijing of the early 1980s bananas were a scarce commodity and, during the long, cruel winters, about the only green vegetable available – if it could be described as green – was Chinese cabbage. Now, a respectable range of fruit and vegetables is sold on the streets . . . at a price.

Beijing's street vendors have shown no lack of enthusiasm for Mr Deng's dictum that to "get rich is glorious". Nor have countless other Chinese who have been leaving their farms for work in township enterprises, or who have vacated steady jobs in the bureaucracy or state industry for the private sector: what the Chinese, with their penchant for allegorical phrases, call *xia hai*, literally put out to sea.

China's leaders in the post-Tiananmen Square period appear to have succeeded in quietening for the time being the restlessness generated by the slaughter of the pro-democracy activists. They have done this partly by repression, but perhaps more effectively by diverting people's energies towards the national money-making obsession.

Chinese television, which has undergone a revolution in presentation and in choice of programmes – without trespassing from the party line politically – is also playing its part in numbing the populace, as a young Chinese acquaintance put it. It now serves up a steady fare of wildly popular Hong Kong and Taiwanese soap operas; not to mention the old standard, Dynasty, which was meant to portray American life as corrupt and venal, but whose leading characters probably provide a model for the new Chinese entrepreneurs, lauded in the official press.

For me, the intervening years have brought one pleasing development. Contacts with Chinese have been made much easier; although again circumstances are far from ideal. Back in the early 1980s meetings with those few activists prepared to acknowledge that they might have dissident views were extremely risky for the individuals concerned, and would involve furtive encounters in odd places, such as the zoo.

Among the many changes that have overtaken China in the past decade, undoubtedly the one that will have the biggest long-term impact, is the communications revolution. Satellites have put millions of Chinese in touch with developments outside, and no matter how hard the government might strive to contain the information virus, the authorities are fighting a losing battle.

One positive development has been the explosion in the number and variety of new local publications, plus signs that Chinese reporters are being given relatively more freedom to probe and to report; not that restrictions on political coverage are at all satisfactory from a western standpoint.

At a practical level, too, life has been made much easier for foreign reporters. Vast improvements in communications have simplified the task. In 1983, there was no international direct-dial phone system. Calls booked through an overloaded exchange would sometimes take hours to come through and, when they did, the other party was often barely audible. Now there are IDD calls, packet switching arrangements and computer links.

Satellite television has also made Beijing seem much less isolated. The contrast could not be greater with the early 1980s, when even BBC World Service Radio was difficult to pick up at times, owing to heavy static.

One's first impressions of China after a long absence may not be definitive. But there is no doubt that forces are at work that represent something out of the ordinary. It has become a historical cliché, but the Chinese revolution of 1949 *did* "shake the world". It is entirely possible that the new economic revolution will do the same.

OBSERVER

Protective practitioners

■ First the good news. The future of world trade is largely in the hands of two men of identical age, ethnic and professional background. Sir Leon Brittan, the EC trade commissioner, and Mickey Kantor, the US trade representative, are both 53-year-old lawyers of Lithuanian Jewish origin.

The bad news is that since their ancestors emigrated from Lithuania, much has happened to transform the pair into very different people: one a baseball-loving social campaigner on the left of the Clinton administration; the other a one-time acolyte of Margaret Thatcher with a taste for bracing country walks.

Quizzed on their roots after yesterday's *tense* Brussels trade talks, Sir Leon was cautious about the similarities. "I don't know how much [of the Lithuanian background] has rubbed off on the way, via Tennessee and north London," he said.

Certainly Kantor has acquired, via Tennessee, a mischievous sense of humour. Asked whether he considered Kantor to be a protectionist, Sir Leon replied diplomatically that the US trade representative was obviously "extremely good at protecting US interests and I hope I'm equally good at protecting Community interests".

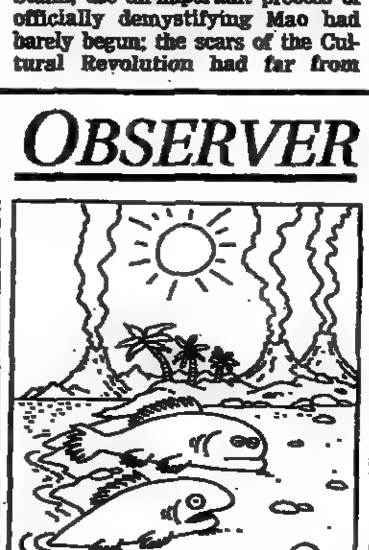
Sitting next to Sir Leon, Kantor obviously decided the time had come to respond to the commissioner's widely reported comments on his US counterpart. "Well, at least he hasn't called me a 'unilateral bully' or a 'bureaucratic thug' this time," he smiled, to Sir Leon's obvious discomfort.

Dunn roamin'

■ If there are lucky and unlucky newspaper editors, then 38-year-old Martin Dunn, late of the Dudley Herald, falls into the former category.

Less than two years after being made editor of Today, the weakest member of Rupert Murdoch's UK stable of dailies, he was tempted away by Mort Zuckerman, the New York Daily News publisher, with intriguing talk of a $500,000 package. However, no sooner had Dunn handed in his notice than Zuckerman began to get cold feet after journalists and advertisers reacted badly to the idea of the News being edited by a Brit.

Lesser Fleet Street editors than Dunn might have taken to the bottle. But Murdoch took pity on his errant editor and offered him the lowly Boston Herald. Now it seems that Dunn's time in Boston may be the shortest on record. His proprietor seems to have fallen in love with the New York Post once again, and Dunn has been placed on standby to go to New York.



'I hope we don't evolve into French fishermen'

Mort Zuckerman could yet live to regret sending the fax that could have destroyed Dunn's career.

Banking mad

■ Have British banks gone completely mad? First, traditional firms like Barclays and Lloyds drop the apostrophe in their family titles, then they abandon trusted brand names such as Martins and Williams and Glyn's by merging with each other. Now they are trying to make new services sound exciting by giving them American-sounding names.

Take telephone banking. Midland has Firstdirect and National Westminster has PrimeLine. Both names have a US bank's combination of eccentric use of capital letters, and the running of two words together. Now Bank of Scotland, of all places, has re-named its direct banking operations Centrebank.

Admittedly, Central Banking Services, its old name, doesn't have a snappy ring. But if they must sound American, why not just call it Centerbank?

Royal chair

■ If Coutts & Co, royal bankers for centuries, had changed chairmen last year it might have detracted from the firm's tercentenary celebrations. However, Sir Ewen Fergusson, Britain's former ambassador in Paris, has now been lined up for the most diplomatic job in banking – looking after the accounts of the British establishment.

Sir Ewen, who takes over from Sir David Money-Coutts in September, is not an Old Etonian – but he is a Scot and comes with glowing references. His job is not as easy as it might sound. Despite its great name and connections, Coutts has not been firing on all cylinders. The UK end of the business lost money in 1991 and although it is back in the black it could do better.

NatWest, Coutts' clearing bank parent, has been surprisingly reluctant to interfere. However, it did put one of its own men in as managing director just over a year ago, and it would be surprising if Sir Ewen were given as free a hand as his predecessor, the great great great great grandson of Coutts' founder. Will he be given a seat on the NatWest board like previous Coutts bosses?

Smart cards

■ Have you got Mr Figgures, the treasury mandarin? No, but I have got Mr Trend, Mr Forecast and Mr Fudge.

Veterans of Whitehall in the 1950s and 1960s fondly remember the days when they could play Happy Families. Sir Frank Figgures, second permanent secretary to the treasury in the late 1960s headed the pack. Completing the numerically-inclined family were Kenneth Forecast, director of statistics at the board of trade from 1958-66, and Burke St John Trend. Last, but not least, was Edward Fudge listed in Who Was Who as undersecretary at the ministry of fuel in 1947. Contemporaries, however, remember him at the treasury; when the phone rang, he used to bark "Fudge" into the mouthpiece. Wouldn't sound too out of place today.

Plane sailing

■ Why has President Clinton ordered the marines to remove the zips from their trousers? Because he wanted to establish a no fly zone.

FINANCIAL TIMES
Tuesday March 30 1993

Moves to prevent escalation of confrontations over fishing rights

UK and France seek end to row

By Jimmy Burns in London and Alice Rawsthorn in Paris

BRITAIN and France yesterday moved to prevent a diplomatic row from developing over weekend incidents involving French fishermen and Royal Navy patrol vessels.

Mr David Curry, the UK fisheries minister, said last night that his government would be "hysterically over-reacting" if it moved to change its fisheries protection policy which precludes the use of firepower against unarmed fishermen in EC waters.

"I believe the French fishermen have been trying to take advantage of the transition between governments. They are trying it on. It is important not to confuse this with a more generalised EC dispute over fisheries," Mr Curry said, following talks between himself and UK defence secretary Mr Archie Hamilton.

Meanwhile Mr Bernard Dorin, French ambassador in London, said his meeting with UK foreign minister, Mr Tristan Garel-Jones, was "very cordial and friendly".

In a prepared statement, which had the apparent blessing of British officials, Mr Dorin said: "The French government has condemned the fishermen's unacceptable behaviour in this matter ... the French authorities will do everything necessary to ensure that such incidents are not repeated."

Yesterday morning there were fears of fresh incidents amid reports that a French flotilla of fishing boats was heading for the Channel Islands. According to the UK Ministry of Agriculture and Fisheries, the boats later left the disputed waters having had no contact with patrol vessels.

In France there was no confirmation of a separate report suggesting that some British fishing vessels were being prevented from unloading their catches in the ports of Cherbourg and Granville.

Earlier yesterday Mr John Gummer, minister for agriculture and fisheries, repeated a warning that the UK would consider arming its naval boarding parties if French actions escalated.

However British officials stressed last night that they were dissuaded from altering the rules by the risk that this may exacerbate the relatively minor incidents when animosity between fishermen on both sides of the Channel is high.

On Sunday, three Royal Navy fisheries protection officers were abducted after boarding a French trawler off the Channel Islands.

The events have come at a sensitive time for France, now in the throes of a change in government following the electoral success of the conservative coalition.

The outgoing socialist government tended to be supportive to the financial problems of the French fishermen, who have been protesting against cheap fish imports, but was also firm in condemning any attacks by French fishing vessels on foreign boats.

Editorial comment, Page 21

Kanemaru freed on Y300m bail

By Robert Thomson in Tokyo

AFTER three weeks of humiliating detention, Mr Shin Kanemaru, fallen "godfather" of Japanese politics, returned home yesterday after mustering Y300m ($2.5m) in bail, a record figure for a politician facing trial in Japan.

Mr Kanemaru, 78, also suffered the indignity of Tokyo hospitals refusing to admit him for a check-up, apparently out of fear of unwanted attention from the Japanese media.

Hundreds of reporters and photographers tracked his journey from the detention centre, via a typical Tokyo traffic jam, to his home, where Mr Noboru Takeshita, the former prime minister and Mr Kanemaru's partner for the popular game of mah-jong, was apparently awaiting him.

Prosecutors have charged Mr Kanemaru with evading Y119m in tax in 1987 and a further Y920m in 1988 and 1989. The charges are linked to the discovery of about Y6.7bn in gold bars, cash and debentures in his office and home, where some of the gold was hidden under a carpet.

He had been in custody since March 6, but the Tokyo District Court ruled that he should be released on bail as he is unlikely to flee the country and is in poor health. Prosecutors opposed the bail application, saying Mr Kanemaru might hide or destroy evidence relevant to their investigation into alleged illegal donations to politicians by the construction industry. About 18 leading contractors have been raided, but no executives have yet been charged.

Mr Kanemaru, who had run the largest faction in the ruling Liberal Democratic party, was famed for his close ties to the construction industry, though much of the money he is said to have received is thought to have been passed on down the line to more junior faction members.

Senior justice ministry officials indicated yesterday that no further charges were imminent against other LDP members, suggesting Mr Kanemaru alone could be punished as a warning to other politicians. His fall has surprised most Japanese, who presumed last year that prosecutors were intimidated by his reputation and connections. Then, when he admitted illegally receiving Y500m, was fined a mere Y200,000 and never directly questioned by prosecutors.

It is unclear whether the prosecutors intend to pursue cases against the construction companies, which have allegedly divided up public works contracts among themselves in the knowledge that the chosen contractor would have political backing for the bid.

Mr Hirotaka Akamatsu, general secretary of the Social Democratic Party of Japan, the largest opposition party, has visited the Fair Trade Commission, the anti-monopoly body, to seek an investigation into alleged bid-rigging uncovered by the prosecutors.

The party wants all "Kanemaru connection" projects studied, and a review of guidelines to the industry, which has announced plans to ensure no further "misunderstandings" about political links occur.

Political crisis set to continue in Russia

Continued from Page 1

we have managed to prevent unconstitutional actions, but their thrust has not yet been completely stopped."

Meanwhile the West continued yesterday to wrestle with the consequences of Russia's collapsing economy and political turmoil. Mr Jacques Attali, chairman of the European Bank for Reconstruction and Development, warned in Moscow that the West should not allow Russia to unravel as Germany did in the 1920s and 1930s by insisting on heavy debt repayment.

He added: "This country cannot be managed for long on the basis of mutual disdain – there needs to be a clear decision-making process including an effective executive and a clear role for the legislature."

Mr Douglas Hurd, Britain's foreign secretary, urged Mr Yeltsin to resist the temptation to put political reforms on the back-burner while concentrating on economic problems. Economic and political liberalisation went hand-in-hand, he said.

In a speech in Bonn Mr Hurd backed Mr Yeltsin's "courageous economic and democratic programme" and said the West must not give up on Russia. It was "part of our part of the world" and merited help "based on an assessment of our interests".

Resigned: Pierre Bérégovoy leaving the Elysée Palace yesterday

Balladur named as French premier

Continued from Page 1

should go to someone from the RPR.

In return, Mr Giscard d'Estaing said the RPR should leave the UDF to provide the president of the new National Assembly, which opens on Friday. The job of finance minister is now also considered likely to go to a member of the UDF.

Both Mr Jacques Chirac, the RPR leader, and Mr Giscard d'Estaing had indicated before last night's announcement that they would stay out of the government. Each has an interest in keeping his hands free to run for the presidency to succeed Mr Mitterrand.

With the Socialists and their allies losing more than 200 seats in Sunday's election, Mr Mitterrand is in a far weaker position to confront the incoming conservative government than he was in 1986 .

But, while voting in a record postwar conservative majority, most French people apparently believe that the president should ignore calls by RPR leaders, including Mr Chirac, for him to resign early.

According to a Sunday night Sofres opinion poll, 75 per cent of the French believe that the centre-right should govern with Mr Mitterrand in the Elysée, rather than try to force him out.

Mubarak links Iran to attacks in Egypt

By Roger Matthews and Mark Nicholson in Cairo

PRESIDENT Hosni Mubarak of Egypt yesterday accused Iran of attempting to destabilise his government by sponsoring recent bombings and attacks on tourist targets in the country.

"For sure, Iran is fundamentally behind this," Mr Mubarak said in an interview with the Financial Times.

Mr Mubarak's remarks are the most explicit allegation he has made of direct Iranian attempts to bring down his government. They mark a further deterioration in relations between Egypt and Iran after sharp exchanges between the two governments earlier this year.

The president warned remaining Iranian diplomats in Cairo that they were being closely watched and he would not hesitate to throw them out if there was evidence linking them with the wave of bombings.

Mr Mubarak avoided making a direct connection between Iran and the bomb attack on the World Trade Centre in New York last month, but added that an Egyptian returned to the US last week to face trial had provided "full information" about the group which was responsible.

He said Mr Mahmoud Abu Halima, one of five men held in connection with the bombing, had given details about alleged quarrels over money with Sheik Omar Abdul Rahman, the Egyptian cleric who has denied any involvement in the explosion.

Mr Mubarak, who tomorrow visits Germany before travelling on to Britain and the US, said the men responsible for recent attacks in Egypt had previously been in Afghanistan, were trained by Iran and had gone via Sudan and Libya to Egypt.

The Gama'a al-Islamiyya, the group which claims responsibility for the attacks, has made contact with Western news agencies from Peshawar in Pakistan. Mr Mubarak said this was the centre for extremists "persuaded by the Iranians" who sought to destabilise a number of Arab regimes.

More than 40 people have died in clashes this month between Egyptian security forces and Islamic extremists. Mr Mubarak said the violence had been "very shocking" but pledged it would not destabilise his government.

Last peace train, Page 6

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	13	55	Boulogne	S	10	50	Frankfurt	F	6	43	Majorca	S	18	64	Oporto	S	16	61	Tenerife	S	19	66
Algiers	F	19	66	Brussels	S	9	48	Geneva	S	6	43	Malaga	S	18	64	Oslo	F	4	39	Tokyo	S	10	50
Amsterdam	S	8	46	Budapest	F	4	39	Gibraltar	S	21	70	Malta	S	17	63	Paris	C	9	48	Toronto †	R	6	43
Athens	F	14	57	Buenos Aires	F	31	88	Glasgow	R	7	45	Manila	C	34	93	Prague	Sn	0	32	Tunis	F	17	63
Bahrain	S	25	77	Cairo	S	21	70	Helsinki	F	3	37	Melbourne	F	19	66	Reykjavik	C	5	41	Valencia	S	18	64
Bangkok	F	35	95	Cape Town	S	22	72	Hong Kong	F	17	63	Mexico City	F	27	80	Rhodes	S	15	59	Venice	S	10	50
Barcelona	F	15	59	Caracas	F	32	90	Innsbruck	S	3	37	Miami †	S	18	64	Rio de Janeiro	C	35	95	Vienna	Sn	2	36
Beijing	F	15	59	Casablanca †	F	17	63	Inverness	C	8	46	Milan	S	11	52	Rome	S	12	54	Warsaw	C	2	36
Beirut	F	18	64	Chicago †	F	2	36	Islamabad	F	22	72	Montreal †	C	5	41	Salzburg	Sn	0	32	Washington †	C	10	50
Belfast	R	9	48	Cologne	S	7	45	Istanbul	F	12	54	Moscow	Sn	2	36	S'Francisco †	C	11	52	Zurich	S	5	41
Belgrade	C	3	37	Copenhagen	F	3	37	Jakarta	R	32	90	Munich	F	3	37	Seoul	S	13	55				
Berlin	C	4	39	Corfu	F	11	52	Johannesburg	R	16	61	Nairobi		-	-	Singapore	T	30	86				
Bermuda	F	22	72	Dallas †	C	19	66	Lisbon	S	18	64	Naples	F	9	48	Stockholm	F	2	36				
Bombay	S	32	90	Dublin	C	11	52	London	F	11	52	Nassau	C	30	86	Strasbourg	S	7	45				
Bordeaux	F	14	57	Dubrovnik	F	10	50	Los Angeles †	S	9	48	New Delhi	S	25	77	Sydney	F	21	70				
				Edinburgh	C	8	46	Luxembourg	S	6	43	New York †	C	9	48	Taipei	C	25	77				
				Faro	S	17	63	Madeira	C	17	63	Nice	S	14	57	Tangier	S	17	63				
				Florence	S	11	52	Madrid	S	16	61	Nicosia	S	17	63	Tel Aviv	S	20	68				

Temperatures at midday yesterday
† Noon GMT temperatures
C-Cloudy Dr-Drizzle
F-Fair Fg-Fog H-Hail
R-Rain S-Sunny
Sl-Sleet Sn-Snow
T-Thunder

THE LEX COLUMN

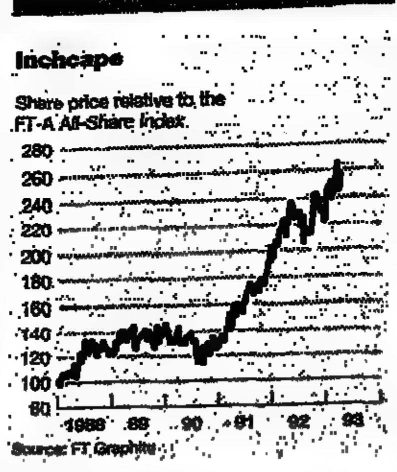
Inchcape motors ahead

Management gurus may preach the virtues of focused businesses these days but Inchcape puts in a strong case for the attractions of diversity. The company's broad geographic and product spread enabled it to skirt regional recessions and register a 28 per cent increase in annual profits, on a FRS 3 basis. Under new management, the sprawling trading group has evolved into a safe, yet aggressive, international investment. Many of its activities, which span water-testing services in the US to distributing Toyota cars in the UK, have a defensive feel. Yet Inchcape is one of the few UK companies with a substantial exposure to the fast-growing markets of southern China.

Last year's results were boosted by acquisitions which accounted for three-quarters of the 41 per gain in operating profits. Still, the underlying profits growth was robust. The company should seemingly be a significant beneficiary of sterling's devaluation since it generates 77 per cent of its profits overseas. But this equation may not be as simple as it seems. Many Japanese companies are struggling to maintain their price competitiveness because of the strength of the yen. Inchcape is unlikely to escape its share of the margin pain.

There are certainly enough opportunities to keep Inchcape motoring in the future. But, in the short term, there should be more share price excitement elsewhere. The company's shares have shot ahead since the acquisition of TKM. But Inchcape now trades on a similar rating to some of the likeliest recovery shares. Their depressed earnings should bound ahead faster if the UK's tentative economic revival is sustained.

FT-SE Index: 2846.5 (-6.4)



Sun Alliance

It comes as a relief that Sun Alliance has found a use for surplus capital tied up in Codan, its Danish subsidiary. With minority shareholders to consider, the funds could hardly be syphoned back to plug holes in the UK balance sheet. Yet previous attempts at using Codan as a vehicle for Nordic acquisitions have fallen flat. Buying the insurance and financial services business of Hafnia from its collapsed holding company – at a price close to book value – thus looks like a good deal. Sun Alliance gains market leadership in Denmark at minimal cost to its depleted solvency ratio.

The wonder is that Codan's winning bid was not pitched further above net assets. But Hafnia's problems – like those of Skandia and Baltica – stemmed from disastrous attempts at empire-building. The plight of the holding company may have eroded some goodwill in the insurance market. But with considerable scope for cost savings, Hafnia and Codan combined should still show a decent return on capital.

That alone will not reverse Sun Alliance's fortunes. Next week's preliminary figures will doubtless confirm that exposure to mortgage indemnity insurance remains a millstone. Some solid overseas earnings would make such blunders easier to bear in future.

Lucas Industries

Try as it might, Lucas cannot disguise the disappointment in its first half results. Exchange rate movements accounted for nearly all the 12 per cent increase in sales as well as a large chunk of the £7.8m ($11m) increase in operating profit. Demand for the company's products is sagging and prices are under pressure. Lucas insists that its rationalisation is proceeding apace, but the full benefits are still years away.

Meanwhile, the company continues to eat up cash. Details are scant but it is a measure of the extent to which debt rose in the first half that the interest charge increased in spite of a £4.1m benefit from termination of an interest rate swap contract. Lucas needs the income from disposals to meet the continuing cash costs of restructuring and to pay its dividend.

The logical response would be to cut the dividend. But Lucas is obviously worried about a bid. This gives the shares some support. Either Lucas struggles through, in which case the yield of nearly 7 per cent is attractive. Or it fails and a predator snaps it up. Such an assumption may be rash, though. Lucas has come late to restructuring, but a predator might not do any better in today's difficult markets. Lucas may yet have to cut its dividend and still end up fending for itself. Curiously the bid speculation is fuelled above all by the company's own behaviour: the outside world is strangely silent.

Eurotunnel

It was perhaps predictable that Eurotunnel and TML would squabble about the interpretation of the International Chamber of Commerce's findings on disputed cost over-runs for the Channel Tunnel. But the outcome must rank as something of a moral victory for Eurotunnel.

It will, nevertheless, prove cold comfort if it only prolongs the dispute and delays the tunnel's opening. Eurotunnel would then start racking up additional costs of perhaps £3m ($4.3m) a day by the year-end, which would alarm its bankers. The financial pain is also becoming acute for some contractors as they are forced to swallow greater provisions. The dispute is developing into one that neither side can afford to lose. That will make it all the more difficult to resolve.

Crédit Lyonnais

The prospect of privatisation certainly gave Crédit Lyonnais an incentive to clear the decks by maximising its provisions for 1992. Even so, there is no guarantee recovery will be rapid from now on. The FFr14.7bn ($2.6bn) net new provisions declared yesterday were large, but probably also represented the most the bank could afford given its weak capital position.

The bank's tradition of secrecy about its provisions leaves room for doubt about how far it had fallen behind on covering big international risks such as Olympia & York, MGM and Sasea. Even if these provisions are now adequate, conditions are deteriorating in the domestic market, particularly in property lending. Interest rates will almost certainly not fall in time to prevent more losses from that quarter in 1993. A higher incidence of non-performing loans will be a drag on operating income. All in all, the 60 per cent jump in the share price since last November looks premature.

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Benetton lifts profits 12% to L185bn

Benetton, the Italian maker of casual clothes, lifted net profits 12.1 per cent to L184.7bn ($116.8m) last year. Mr Luciano Benetton, managing director, has admitted that 1993 could be more difficult but he was confident that sales would continue to rise, with exports likely to be boosted by the steep fall in the value of the lira. Page 24

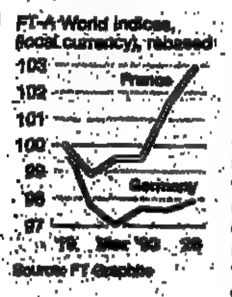
Lucas keeps break-even promise

Lucas Industries, the international engineering group, yesterday delivered its promise of breaking even in the first half of its 1992-93 year with pre-tax profits of £5.2m ($7.7m) on a turnover of £1.29bn for the six months to January. Sir Anthony Gill, chairman, said Lucas was "on track with its plans to reduce costs, restore profitability and improve cash generation". Page 30; Lex, Page 22

Aiming for peace

The farmer who put a sign at his gate saying: "We shoot every third salesman. The second has just left" had a jokey way of informing salesmen that they would be wasting his time. There are far fewer people trying to sell to the UK farming industry than there were and those remaining must plan their activities more carefully now. Page 32

Bourses move in two directions



In Europe, politics moved German and French sentiment in opposite directions. Germany suffered on Monday and Tuesday. France waited for the crushing defeat of the socialists and responded to stimuli like Thursday's comments by Mr Jacques Chirac, leader of the successful Gaullist RPR party, that economic growth was essential for the country – suggesting to some investors that lower interest rates could be on the way. Back Page

Terror in Tokyo

Mr Masami Ishizaka is on a crusade to cleanse Japanese stock markets: He is confident that his Securities and Exchange Surveillance Commission has put pressure on brokers to play by the rules. "I think the securities houses see us as something that is quite frightening. We emphasise to them that we want to ensure that the prosperity of the industry is fair and just." Page 26

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				Rises			
BHF	415	+	12	[illegible]	370	+	20
Holzmann	1035	+	21	[illegible]	800	+	20
Mannesmann	738	+	11	Falls			
Falls				Accor	668	–	29
Asko Pf	488	–	12	Imm de France	900	–	25
Colonia Konz	935	–	25	Pinault Print	898	–	12
Springer Axel	583	–	7	SLIC	651	–	24
NEW YORK ($)				**TOKYO (Yen)**			
Rises				Rises			
IBM	52⅜	+	1⅜	Daiichi	1210	+	200
Intel	115⅝	+	1⅝	Iseki	408	+	80
Microsoft	87⅛	+	1	Pioneer Elec	2630	+	370
Falls				Renown	535	+	80
Apple Comp	52	–	1¼	Tsumura	1220	+	200
Harley-Davidson	37⅛	–	1	Falls			
RJR Nabisco	7⅝	–	⅛	Nippon Carbide	570	–	30
PARIS (FFr)							

New York prices at 12.30.

LONDON (Pence)							
Rises				Sanderson El	264	+	14
Asiac Yaohan	235	+	30	Falls			
Avesco	55	+	5½	BM	42	–	5
Dalepak	233	+	27	Buckingham	3½	–	1½
EBC Grp	81	+	14	Glaxo	678	–	21
Euro Disney	1125	+	40	Hi-Tec	39	–	3
Freeman	124	+	20	ICI	1184	–	11
Gabicci	45	+	2½	SelecTV	15½	–	2
Kewill Syst	112	+	35	Stratchley	107	–	10
LBMS	354	+	29	Shoprite	925	–	35
Linread	108	+	8	SmithKline Bch	392½	–	14½
Pearson	404	+	27	Wellcome	742xd	–	47
Platignum	62	+	6				
Porter Chad	24	+	5				

Provisions take Crédit Lyonnais to FFr1.85bn loss

By Alice Rawsthorn in Paris

CREDIT Lyonnais, one of France's largest state-controlled banks, fell into the red last year with a net loss of FFr1.85bn ($320m). This followed a steep increase in net provisions from FFr9.6bn in 1991 to FFr14.69bn in 1992 due to heavy losses on its cinema and property interests.

The loss, the fourth in the bank's history and the first since 1974, comes at an extremely delicate time for Crédit Lyonnais which is a candidate for privatisation by France's new conservative government.

It also poses a threat to Mr Jean-Yves Haberer, chairman since 1988 and architect of Crédit Lyonnais' ambitious lending strategy. He was appointed by the outgoing socialist administration and his position may be reviewed by the conservatives.

He yesterday described Crédit Lyonnais' loss as "a blow" which the bank was absorbing "calmly, but not complacently". The dividend has been cut from FFr28 in 1991 to FFr15.

Crédit Lyonnais increased net banking income from FFr46.33bn in 1991 to FFr49.97bn in 1992 in spite of the competitive state of the French banking market which has been hit by weak credit demand and sharp rises in bank borrowing costs.

The group benefited from Mr Haberer's successful European expansion strategy, culminating in its recent investment in BfG Bank of Germany, and the rationalisation of the French network. It held operating profits at FFr13.21bn last year, against FFr13.31bn in 1991.

However Crédit Lyonnais raised net new provisions to FFr17.6bn on unsuccessful investments and sour loans, although it recouped FFr3.6bn of previous writedowns on country debt.

Mr Haberer said 40 per cent of the new provisions related to loans made by CLBN, its Dutch banking subsidiary from 1986 to 1990, which included its involvement in the abortive bid by Mr Giancarlo Parretti, the disgraced Italian financier, for MGM, the stricken Hollywood studio.

Crédit Lyonnais set aside FFr3.3bn in 1993 for its cinema interests, FFr3bn for its exposure to Sasea, the bankrupt Swiss holding company. It also wrote down FFr6bn on property.

Mr Haberer said provisions would be lower this year. He expected the first half of 1993 to be similar to 1992, but anticipated improvement in the second half.

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Codan increases market share with Hafnia purchase

By Hilary Barnes in Copenhagen

CODAN, the Danish insurer controlled by the UK's Sun Alliance, yesterday acquired the insurance and financial service operation of Hafnia, whose parent company went into receivership last August.

Codan, with premium income of about DKr2bn ($320m) in 1992, paid DKr1.27bn cash for Hafnia, which has premium income of about DKr7bn.

The new group will have a market share in Denmark of 18 per cent in accident business and 12 per cent in life business, said Mr Peter Zobel, Codan chief executive.

The sale, which followed the failure to find a buyer through a tender process, became a matter of urgency last week when Hafnia's capital adequacy ratio fell below the legal minimum when the price of shares in the other large Danish insurer, Baltica Holding, plunged. Hafnia owns just over 33 per cent of Baltica Holding's shares.

On March 15 Baltica Insurance offered to buy Hafnia's insurance business if no other buyer could be found.

Codan does not need to make a share issue or other credit arrangements to finance the deal, said Mr Zobel. The company has concentrated on core insurance business and avoided the kind of ventures into banking and other financial service and investment activities which brought Hafnia Holding and Baltica Holding to their knees. Sun Alliance owns 70 per cent of Codan shares.

Codan has consistently been the most profitable of the larger Danish insurers, although losses on its securities portfolio caused a net loss of DKr74m in 1992, compared with a profit of DKr275m in 1991.

At the end of last year Codan's equity capital was DKr4.8bn and assets DKr15.3bn.

After paying DKr1.27bn for Hafnia, Mr Zobel said the Codan-Hafnia group had a capital adequacy ratio which is 14 times the required legal minimum.

The remaining assets in Hafnia consist mainly of its shares in Baltica and a 13.8 per cent stake in Skandia, the Swedish insurer. The latter shares were acquired in 1991, when Hafnia and the Norwegian insurer, Uni Storebrand, bid in vain to gain control of Skandia.

The subsequent fall in the price of Skandia's shares contributed to the collapse of Hafnia and Storebrand.

Lex, Page 22

Euro Disney expects loss as visitors fall short of target

By Michael Skapinker, Leisure Industries Correspondent

EURO DISNEY said yesterday it had come close to achieving its first-year target of 11m visitors to its theme park, but that hotel occupancy and spending per head were still below expectations.

Mr Philippe Bourguignon, who was appointed chairman last January, said the company still expected to incur a financial loss this year. Euro Disney incurred a pre-tax loss of FFr339m ($60m) in the year to September 30, 1992, and announced a deficit of FFr492m for the first quarter of the current year.

Mr Steve Burke, executive vice-president, said, the park would receive its 11 millionth visitor by the end of next month, only a few weeks after its first anniversary on April 12. After a slow start, Euro Disney had been expected to fall 500,000 visitors short of its first-year target.

Mr Burke said the improved attendance figures were the result of intensive marketing in France, where interest in visiting the park had been below expectations. The company had offered residents of the Paris region 20-30 per cent discounts on entrance prices from January to the end of March. Even more effective, Mr Burke said, were sales visits to companies and schools throughout France.

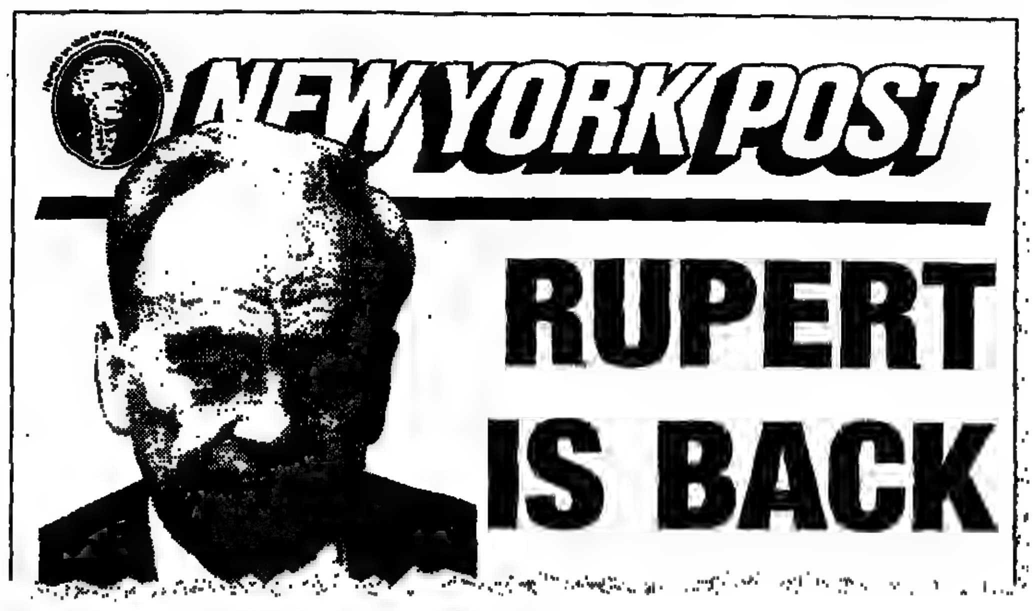
Mr Burke said that while the French had accounted for only 29 per cent of visitors to the park in the first six months, this had increased to more than 35 per cent for the year as a whole. The UK was the second biggest market in the first year, accounting for 15 per cent of visitors. Germany was the third biggest, slightly behind the UK.

Mr Burke said the park's hotels had 3m visitors, below expectations. Spending on both food and merchandise had also been lower than expected.

He said Euro Disney was introducing reduced rates for the off-peak seasons for both park entrance and hotel rooms to increase attendance in the colder months. The current admission prices of FFr225 for adults and FFr150 for children will apply during spring and autumn. Winter prices will be FFr175 for adults and FFr125 for children. Summer prices will go up to FFr250 for adults and FFr 175 for children. Hotel rooms will start at FFr375 in winter, compared with FFr600 in summer. Euro Disney is also introducing lower-priced meals and merchandise.

Alan Friedman on the billionaire media owner's latest paperchase

Murdoch returns to favour in the Big Apple



HOW times change. When Rupert Murdoch last owned The New York Post from 1976 to 1988 he was vilified and lampooned as a peddler of smut. But over the past few days – as he has executed a rescue of The Post – Mr Murdoch has been getting a strikingly warmer reception in the Big Apple.

In fact Mr Murdoch's News Corporation is being feted by everyone, from the paper's 700 long-suffering employees to New York Governor Mario Cuomo, a political opponent who none the less has worked tirelessly to pave the way for his return.

So close to death is the bankrupt New York newspaper that even Senator Edward Kennedy – who in 1988 helped engineer legislation which forced Mr Murdoch to sell The Post because of his cross-ownership of both a local paper and television station – is now among those willing to look the other way.

Mr Cuomo, Mr Kennedy and a handful of other influential Senators are supporting Mr Murdoch's request for a waiver of the Federal Communication Commission's cross-ownership rules because none of them wish to be blamed for letting the paper die.

Yesterday, a bankruptcy judge was set to approve the transfer of The Post from Mr Abe Hirschfeld, an eccentric local car parks magnate, to a subsidiary of News Corporation.

Mr Murdoch, having cut a deal with Mr Hirschfeld at the weekend, was last night ready to take control and had an executive at his Fox Broadcasting television network standing by to be named the new editor.

The FCC will still have to rule on the waiver, and the deal would give Mr Murdoch control for 60 days while the application is formalised. But that is likely to be a technical detail.

The real issue for Murdoch-watchers is why this Australian-born billionaire media owner should wish to bother himself with editorial headaches and almost certain losses at The Post, while he builds a global film, television, cable and print empire.

The answer, according to close associates of Mr Murdoch, is not simply financial. As one knowledgeable adviser to Mr Murdoch put it: "He loves it. He has printers' ink in his veins. And he has an ego too. He is savouring every minute of this, and he finds the prospect of jumping back into the fray of the New York newspaper world irresistible."

For a mere mortal the financial aspects of the detail do not look attractive. The paper has fewer advertisers and fewer readers than the other two tabloids – The Daily News and New York Newsday. In the dozen years he previously owned The Post it cost Mr Murdoch a total of $150m in losses. Annual losses are now between $5m and $10m.

Mr Murdoch's entry fee includes reimbursing Mr Hirschfeld about $3m, providing an estimated $8m to cover creditors and operating costs over the next 60 days and then covering the full-year deficit.

That Mr Murdoch is an extremely shrewd businessman is not in doubt, but he is unlikely ever to make much money from The Post. He would, however, wield political clout by virtue of owning the paper.

The only other plausible reason for owning The Post would be if it offered some synergies with the rest of the News Corp stable of holdings. About a third of the group's $10bn of 1992 revenues were in film and television, and it could be argued that The Post can push Fox television programmes or television can carry advertising for the paper.

Mr Murdoch says he is spending about 50 per cent of his time on Fox right now, having taken a hands-on role in Hollywood since the departure a year ago of Mr Barry Diller, the Fox chairman. In a recent conversation he sketched out a strategy in which the Fox film studio could generate products for theatres and for Fox television as well as for British Sky Broadcasting, the European satellite service 50 per cent owned by News Corp.

Most Wall Street analysts say Mr Murdoch is among the world's media tycoons who best understand the coming integration of electronic and print media as what he calls "distribution" vehicles. But that equation does not require ownership of The Post. The real logic behind this deal may be that moguls are also allowed to have fun.

News Corp to save $15m a year on debts

By Sara Webb in London

WITH the launch of its $3bn refinancing, News Corporation hopes to complete the restructuring of its bank borrowings on more favourable terms, with an estimated saving of $15m in annual interest payments.

The group has greatly reduced reliance on bank debt and the number of banks from which it borrows.

In late 1990, it was forced into negotiations with its 146 lending banks and restructured $7.6bn of bank debt.

"In practice, News Corp has reduced its borrowing costs by around ½ a percentage point across the board", according to one banker involved.

Its total bank debts – of $7.6bn plus a $600m short-term bridge-over facility – have been cut since 1991 to $3bn. This is being refinanced with a six-year revolving credit with Chemical Bank, Citibank and Samuel Montagu acting as co-arrangers.

News Corp was keen to diversify the structure of its debt and reduce the number of lending banks involved. Since 1991 it has cut bank debt by raising equity, selling assets, and issuing about $2bn of long-dated bonds in the US.

The $3bn refinancing is intended to reduce the number of banks from 146 to a more manageable group of 30-40 relationship banks, including the three co-arranging banks as well as News Corp's main banks in Australia – Commonwealth Bank of Australia, Westpac and National Australia Bank.

The upgrading of News Corp's ratings recently by Standard & Poor's from sub-investment to investment grade means the group can borrow at more favourable terms.

Under the provisions of the 1991 agreement, lenders received 100 basis points (one percentage point) on top of their previously-agreed terms.

With the new loan, News Corp will pay a margin of 100 basis points (bp) over the London interbank offered rate (Libor) in the first year, provided it has an investment grade rating from either S&P or Moody's.

The margin in subsequent years is determined by the company's credit rating. Moody's currently rates News International as speculative grade at Ba2.

Pearson in talks about Thames TV purchase

By Raymond Snoddy in London

PEARSON, the UK media, banking and industrial group, has had exploratory talks with Thorn EMI to buy Thames Television, the UK independent production company that lost its ITV franchise last year.

Pearson started talking to Thorn late last year about the possibility of a stake in the proposed Channel 5. Executives noticed then that Pearson seemed to be as much interested in Thames as in Channel 5.

In the end Pearson did little more than express an interest in Channel 5 mainly because the Independent Television Commission decided that under the 1990 Broadcasting Act the company could only have a 5 per cent stake. As owners of the Financial Times, Pearson is limited to a 20 per cent stake in commercial broadcasters in the UK. The company already owns 20 per cent of Yorkshire Television.

Asked about the talks, Mr Frank Barlow, Pearson chief operating officer, yesterday said: "No comment." But it is clear that Mr Barlow is keen to expand Pearson's television interests and that talks have taken place between the two companies at a high level.

At yesterday's press conference to announce Pearson's results for the year to December, Lord Blakenham, chairman, said the company's main area of future investment would be in the media, including television. Pre-tax profits were £150.8m ($225m) for 1992, a fall of 16 per cent but more than analysts expected. There was also a 3 per cent rise in the total dividend to 12p. Pearson shares rose 27p to 404p.

Results, Page 31

Benetton beats consumer downturn with 12.1% rise

By Haig Simonian in Milan

BENETTON, Italy's best-known maker of casual clothes, raised net profits by 12.1 per cent to L184.7bn ($116.8m) last year in spite of the general slowdown in worldwide consumer spending.

The company, which saw group sales climb by 9.1 per cent to L2,512bn, indicated its confidence in the future with a L50-a-share dividend increase to L350. Operating earnings jumped by 14.4 per cent to L356.6bn.

Mr Luciano Benetton, managing director, has admitted that 1993 could be a more difficult year in view of recession in many markets.

But he has expressed confidence that sales should continue to rise strongly, with exports likely to be boosted by the steep fall in the value of the lira.

Among the few jarring points in the results was a L154bn surge in group net debts to L325bn.

Benetton said the increase stemmed from the purchase last year of four local apparel-makers with which it worked closely and whose borrowings had now been consolidated.

Adjusted for the acquisitions, group net debt would have remained unchanged, Benetton said.

In spite of the recession, Benetton managed to find particular pockets of growth in individual areas.

For the third year running, the Sisley brand grew strongly, with a 24 per cent leap in sales.

SAB, Benetton's socks and accessories subsidiary, virtually doubled sales to L96.3bn from L51.8bn in 1991.

Among other areas now being exploited are shoes and shirts. In recent months, Benetton has started to create a new chain of stores, named "and", specialising in shirts.

The goods sold are produced by Azimut, a newly-formed manufacturer created from the merger of two private companies in which Benetton has a 50 per cent stake. The "and" chain now has about 50 shops in Italy and abroad.

Italian textiles group in cash search

By Haig Simonian

GFT, Italy's biggest privately-owned textiles and clothing group, is looking for a partner to help to inject cash into its troubled operations.

Although Turin-based GFT, which is owned by the Rivetti family, admitted it was ready to accept the sale of a significant stake to an outside shareholder, reports of advanced negotiations with Miroglio, a leading privately-owned textiles and clothing group, were without foundation, it said.

A takeover of GFT, which had sales of about L1,500bn ($949m) last year, by the slightly smaller Miroglio would create Italy's third-biggest textiles and clothing concern behind Benetton and Marzotto, with turnover of about L2,700bn.

GFT has grown rapidly through acquisitions and supply agreements with some of Italy's best-known designers. However, earnings have come under pressure due to high domestic costs and heavy interest charges on net debt of about L400bn. In 1991, the group lost L42.6bn, a figure unlikely to have been bettered in 1992.

GFT denied reports that it had failed to find a financial institution to take a minority holding, forcing it to give up control to Miroglio. "The search for a partner is under way, and many alternatives are being considered," it said.

● Merloni Elettrodomestici, the Italian white goods group best known for its Ariston, Indesit and Scholtes brands, has become the most conspicuous Italian victim of last year's currency turmoil with a L21bn foreign exchange loss.

Currency factors and a L8bn charge for redundancies and early retirements led to a collapse in group net profits to L1.6bn last year from L11.7bn in 1991.

The fall in earnings has prompted a sharp dividend cut, with the payout for ordinary shares being reduced to L30 from L45 and that on savings stock falling to L50 from L65.

Banks look for warmer climes

Tom Burns examines Deutsche Bank's latest foray into Spain

WHEN Deutsche Bank paid Pta42bn ($359.9m) to acquire a Spanish bank unit earlier this month, eyebrows were raised in the boardrooms of at least four of the German bank's European rivals.

France's Crédit Lyonnais, previously the biggest foreign retail bank in Spain, saw itself overtaken, Barclays and NatWest of the UK found their growth strategy in Spain challenged, and Banque Nationale de Paris (BNP) was left at the starting post.

Deutsche is no newcomer to Spain, for it enjoyed a long relationship with Banco Comercial Transatlantico (Bancotrans), a Barcelona-based bank which it bought in 1989.

Following its purchase of Banco de Madrid from Banesto, the big Spanish retail bank, it has added 300 branches to the existing 100 Bancotrans offices.

Analysts have praised the pricing – Banesto reportedly wanted Pta60bn for the unit – and the complementary nature of the two acquisitions. Deutsche was already strong in the north-east thanks to Bancotrans. Deutsche has now secured its presence in Madrid and in central Spain with the second purchase.

The German bank has followed the path into Spain initiated by Crédit Lyonnais when it bought a Madrid network and then a Barcelona network from Banco de Santander in 1990 and in 1991.

Deutsche, like the French bank, has essentially bought a market quota, but there the similarities between the strategies end.

A key difference is the timing. By spacing its acquisitions out over four years, Deutsche has given itself time to develop a complex information system and specialist products such as mortgages and car loans that were novel to Spain. Analysts said Crédit Lyonnais's rapid acquisition policy had still to deliver a distinctive profile for the bank in Spain.

The cost of entering Spain provides a more measurable difference. Deutsche paid 2.1 times book value to acquire Bancotrans and 2.3 times to buy Banco de Madrid. Credit Lyonnais paid Santander 3.1 times book value for Banco Comercial in 1990 and 3.3 times a year later for Banca Jover. "The French paid demanding multiples," said Mr Joaquin Tamames, a partner of Axel Group, the Madrid-based analysts.

The main irony is that Deutsche has ended up with 100 branches more than Crédit Lyonnais. With the 400 offices in Spain, the German bank has a sufficient spread to promote its products.

In contrast, NatWest entered Spain at the begining of the 1980s by building up a business base through a joint venture with Spain's March group, while Barclays bought a small, and bankrupt, domestic bank which it then expanded.

Like Deutsche, NatWest, which subsequently severed its March partnership, wants to introduce products.

NatWest, with just over 300 branches has profitable peseta assets. "But the question is where do we go from here," said Mr Peter Duffy, managing director.

NatWest will probably focus on financial instruments such as syndicated loans. While unlikely to follow the acquisition strategy of Deutsche and Crédit Lyonnais, it may still purchase individual offices. "What is critical is not how many branches you have but where they are," said Mr Duffy.

Barclays, which has 228 outlets, has relentlessly pursued the step-by-step strategy. But it has proved an expensive route. Spain is an over-banked country with more bank branches per head of population than anywhere else in Europe outside Luxembourg.

Nevertheless, Barclays has earned itself the compensation of choosing its locations and of selecting and training its staff. Its products, notably the introduction of high-interest bearing current accounts, have been the most innovative in the domestic banking sector.

Deutsche will require up to eight years to mould its newly-acquired staff into Deutsche's specific corporate culture and to have its employees extract optimum benefits from its in-house technology.

BNP, which also bought a small unit in Spain in the 1980s, has meanwhile shrunk back from an opportunity to establish a Spanish presence similar to Crédit Lyonnais. Earlier this month, it pulled out of lengthy negotiations to acquire the 165-branch network of Banco de Fomento, a nationwide subsidiary of Banco Central Hispano (BCH).

The reasons for BNP's withdrawal were never explained, but it is understood the state-owned bank was unwilling to commit itself to such a large investment in advance of the legislative elections in France.

Banco de Fomento thus remains on the market for those to follow in Deutsche's slip stream. The problem is whether there is much margin left for large banking forays into Spain.

Former OCP chief may appeal

By Paul Abrahams

MR Jean-Pierre Duché, the former president of Office Commercial Pharmaceutique, France's largest medicines wholesaler, is considering appealing against the conduct of the annual meeting last Friday when he was ousted from office.

Mr Duché, who was voted out of office during a six-hour meeting, had supported a FFr2.12bn ($378.6m) friendly takeover by Gehe, Germany's largest wholesaler. Mr Duché has been replaced by Mr Pierre Bourély.

Mr Bourély, whose family owns 15 per cent of the OCP, has opposed the Gehe offer and is attempting to put together a French counter-bid. The departure of Mr Duché will allow Mr Bourély to declare the German bid hostile. He claims the FFr800 a share offer is too low.

During Friday's turbulent meeting, a number of shareholders were disqualified for not registering their votes in time. In addition, the Bourély family had undertaken not to present a motion for the removal of Mr Duché.

Fidelity, the US investment group which owns 9.79 per cent of OCP, decided not to abstain at the last moment and voted against Mr Duché. In the key vote, Mr Duché gained 861,000 votes, while there were 1,064,000 against him.

Mr Duché, OCP's president for 15 years, continues to be a member of the boards of two holding companies, SGP and Eurosanté.

These control OCP France Répartition and OCP Europe, two OCP subsidiaries responsible for 90 per cent of its FFr33bn turnover.

Meanwhile, Mr Bourély, together with Paribas, the Paris-based merchant bank, has until the middle of April to put together a counter-bid for OCP. The consortium is attempting to raise between FFr1.5bn and FFr2.5bn.

Parmalat improves 24% to L52bn

By Haig Simonian

PARMALAT, the Italian milk and dairy foods company, raised net group profits by almost 24 per cent to L52bn ($32.9m) last year, due partly to a 23 per cent rise in sales to L1,636bn.

Mr Calisto Tanzi, chairman, said sales should reach about L2,800bn this year, due to further acquisitions in Italy, the US and South America.

Acquisitions this year include a stake in Giglio, an Italian dairy group with sales of about L400bn; Atlanta Dairy, a US dairy products concern with about L100bn in turnover; Lacesa, a dairy products group; and the associated Sodilac company in Brazil, with sales of about $80m.

Mr Tanzi denied Parmalat planned a imminent rights issue to finance further purchases.

"For the time being, our ratios are alright as they are. But if interesting opportunities arise, then we'll have to see," he said. He confirmed Parmalat's interest in buying the Cirio, Bertolli, De Rica, subsidiary of the state-owned SME foods group now being privatised.

At parent company level, Parmalat Finanziaria, reported a slight drop in net profits to L9.1bn against from L9.5bn in 1991.

In spite of the fall, stemming from a doubling in taxation, the dividend for ordinary shares is being raised by L5 to L120.

Courtaulds to remove £83m pensions surplus

By Norma Cohen, Investments Correspondent

COURTAULDS, the speciality materials company, said yesterday that it would remove £83m in surplus from its employee pension scheme, earning it an after-tax gain of £50m for the year to March 31.

The move follows an actuarial valuation as of March 31 1992, showing that the pension fund surplus had increased to £189m and that assets were 124 per cent greater than the scheme's liabilities. Pension schemes are liable to tax on surpluses greater than 105 per cent of liabilities.

The company will also use £47m of the surplus to improve benefits to members. The remainder of the surplus will stay in the scheme and fund a continuation of Courtaulds' contributions holiday for the next year.

Mr Michael Pragnell, finance director, said the company had taken the unusual step of extracting the surplus in cash, rather than reducing it through contributions holidays, because the surplus was so large relative to liabilities.

He said they had reached the point "where there were a limited number of things we could have done with our surplus".

Inchcape acquisitions help 28% profits gain

By Andrew Bolger in London

ACQUISITIONS and strong organic growth helped Inchcape, the UK-based motor and business services group, increase annual pre-tax profits by 28 per cent to £250m ($372.75m).

Sales rose 39 per cent to £5.04bn in the year to December 31, boosted by a 10-month contribution from Toyota Kemsley and Millbourn, the motor trader it bought for £383m.

Although TKM contributed £48.3m to total operating profits of £293m, Inchcape said its underlying businesses showed organic profits growth of 10 per cent.

Sir David Plastow, chairman, said: "Generally around the world the economic environment in 1992 was tough, but despite this the group was able to produce good results. Many of Inchcape's businesses are in those economies which have grown well during the year, while in weaker markets most of our operations have still managed to succeed."

Earnings per share rose 3.7 per cent to 31p from 29.9p. Sir David said government Budget changes in advance corporation tax had contributed to the decision to raise the final dividend to 8.35p from 7p, giving a total of 13.75p against 11.75p.

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INTERNATIONAL COMPANIES AND FINANCE

AP Moller to take over rival's shipping business

By Hilary Barnes in Copenhagen

AP MOLLER, the Danish shipping and oil group, yesterday agreed to take over the shipping operations of the East Asiatic Company, a long-term rival in liner shipping and one of the oldest Danish shipping companies.

AP Moller will acquire nine large container-carrying liner vessels, which will continue in service, said APM.

EAC suffered a group loss of DKr1.18bn ($188m) in 1992, when its equity capital was cut to DKr2.8bn, only 17.4 per cent of assets. Turnover last year was DKr17.3bn, much of it from extensive trading operations in eastern Asia.

The sale price was not released, but EAC said the agreement would result in "a very considerable strengthening of EAC's cash position" and an appreciable reduction in its debt.

The group began a programme of disposals last year in order to strengthen its financial position, including the sale of the Plumrose food processing operations in the UK, Germany and the US.

But the sale of the shipping operations was forced on it when negotiations with American President Lines for a partnership in EAC's Europe-Far East liner shipping operations fell through last week. The service was operated jointly by EAC and the UK's Ben Line until the middle of 1992, when Ben pulled out.

APM already operates a fleet of over 50 liner vessels and its stock of containers is over 150,000 units. In addition to a liner service between Europe and the Far East, EAC has operated a liner service between Australia and the Far East and inter-Asian liner services.

Although Moller has said it will try to offer jobs to officers on board EAC ships, EAC said that relatively few of the group's 1,300 shipping staff could expect to be offered employment by Moller.

Microsoft launches upgraded PC system

By Louise Kehoe in San Francisco

MICROSOFT today launches a new version of MS-DOS, the operating system program used by an estimated 130m personal computer users.

The success of MS-DOS, which controls the basic functions of PC's based on Intel microprocessors, has made Microsoft the world's largest PC software supplier.

Mr Bill Gates, the US company's founder and chairman, will formally introduce MS-DOS Version 6 in San Francisco at an event to be broadcast to PC users throughout the US.

Over 400 PC manufacturers will begin shipping computers loaded with the new software this week, Microsoft said. Computer users may switch to Dos 6 by purchasing a $50 upgrade program. Microsoft is said to be planning a $7m publicity campaign.

Analysts estimate that about 6 per cent of PC users will upgrade to MS-Dos 6, generating revenues of $300m for Microsoft, including up to $20m in pre-launch shipments and $100m in its fourth fiscal quarter ending June 30.

MS-Dos 6 incorporates several functions that are sold separately in programs offered by Microsoft competitors. For example, it offers data compression, which nearly doubles the amount of information that can be stored on computer disks, along with better memory management, data back-up, and protection from computer viruses and accidental erasure of data.

The introduction of MS-Dos 6 poses a challenge to companies such as Symantec and Central Point Software that offer add-on utility programs providing similar functions. As more utilities are built into the operating system, suppliers of competing stand-alone products will be able to charge less for their software, analysts said.

The US retail price for MS-Dos 6 will be $49.95 to May 31 and $129.95 thereafter.

Personal care marriage sharpens competition

Guy de Jonquières reports on Wilkinson Sword's move into Warner-Lambert's arms

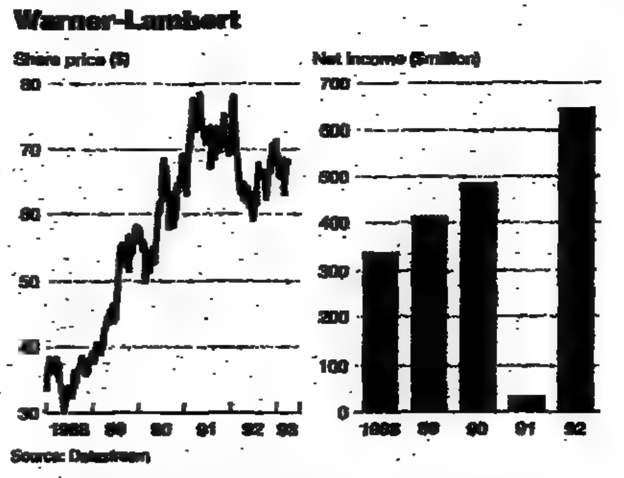
WILL this be fifth time lucky for Wilkinson Sword? After four previous changes of ownership in 13 years, during which it was shorn of important assets and contracted a serious debt problem, one of the grand old names in the personal care business is about to start a new life in the arms of an American suitor.

Last week's $142m sale of the company to Warner-Lambert, the US pharmaceuticals and consumer products manufacturer, offers Wilkinson the prospect of financial stability and industrial support which it has badly lacked in the latter chapters of its 200-year history.

The deal also ends a bizarre anomaly whereby Gillette of the US, Wilkinson's biggest competitor in the $3.5bn world wet shaving market, was a large shareholder in and creditor of Eemland, Wilkinson's parent company. The arrangement has drawn fire from anti-trust authorities around the world.

The combination of Wilkinson with Schick, Warner-Lambert's razor division, will create a business with annual sales of more than $500m. Though only a fraction of Gillette's $1.5bn annual razor and blade business, it should provide keener competition, particularly at the upper end of the shaving systems market.

Schick, which had sales of $316m last year, is a distant second to Gillette in the US,



although it has five times the sales of its bigger rival in Japan, where it is market leader.

Elsewhere, Schick's sales are mainly in France and Sweden, where it has market shares of 15 per cent and 30 per cent, respectively.

In an effort to strengthen Schick's presence outside the US, Warner-Lambert last year reorganised its international operations into a worldwide group. The main aim was to provide a more coherent thrust for a business which had long been fragmented along national lines.

In Europe, Schick's priority region for expansion, the Wilkinson acquisition brings a business with sales last year of $190m, plants in Britain and Germany, a development centre and an innovative product, the Protector system razor launched a year ago. Wilkinson also has a small ceremonial sword factory in west London.

But Wilkinson's most valuable asset is its sales and distribution channels, particularly in the UK and Germany, where it does more than half its business. These will widen Schick's access to the big supermarket chains which account for a growing share of razor and blade sales.

Mr Morgan Morton, president of Schick Worldwide, says he plans to continue to sell both Wilkinson's Protector and Schick's FX razor system in Europe and to launch both products in new markets. He also expects to expand European sales of Warner-Lambert products, such as Listerine mouthwash, and over-the-counter markets.

"We now have the opportunity to achieve a pan-European presence," Mr Morton says. However, he insists Schick is not seeking a showdown with Gillette, preferring to pursue a selective niche strategy: "I don't think we are looking significantly to change Gillette's market share in Europe."

He expects Wilkinson, which made a small profit last year, to be able to finance its own growth. The company recently expanded by 50 per cent production of the Protector, which has proven more popular than expected, particularly in Germany.

In any event, new ownership will free Wilkinson of the crippling financial problems and internal disagreements which forced Eemland to put it up for sale last year, less than five years after buying it from Stora, the Swedish forest products group for SKr4bn ($518m).

Stora acquired Wilkinson as a result of taking over Swedish Match, which had bought the business from Allegheny International, a US industrial conglomerate which had owned Wilkinson since 1980.

Eemland is owned by assorted investors, including a group of Scandinavian financial institutions and J. P. Morgan, the US bank, as well as Gillette. The consortium was formed specifically to buy Wilkinson in one of the most highly leveraged buy-outs of the late 1980s.

Even after selling Wilkinson's matches and lighters business to pay off some of its borrowings, Eemland remained saddled with about $300m of debt, which it was increasingly hard-pressed to service out of Wilkinson's slim profits. More than one-third of the debt was owed to Gillette in the form of a roll-up loan carrying an exceptionally high interest rate.

Eemland's fragile finances were strained to breaking point by the investment in Protector, which was developed without the knowledge of the Eemland board because Wilkinson was worried that Gillette would learn about the project. A further source of difficulty was the growing anti-trust pressure on Gillette to sever its involvement in Eemland.

Warner-Lambert has bought Wilkinson free of debt, at a price which leaves Eemland's shareholders with a loss of about $200m on their investment. Most of it is expected to be borne by Scandinavian institutions, notably Copenhagen Handelsbank and the SPP and Skandia insurance companies, which have paid dearly for their short-lived adventure at the razor's edge.

Inco plans $20m charge to restructure alloys unit

By Bernard Simon in Toronto

INCO, the western world's largest nickel producer, will charge US$20m against first-quarter earnings to cover the costs of restructuring its troubled alloys business. The after-tax charge will be about $13m.

The alloys unit, known as Inco Alloys International, has been hit hard by weakening demand, especially from aerospace and defence-related industries, and by increasingly fierce competition.

About 80 companies are vying for market share.

Inco's alloys and engineered products division lost $29m last year on sales of $557m. Alloys account for about half the division's business. More than one-third of the loss was incurred in the fourth quarter, and sales for the year fell 48 per cent.

The reorganisation includes cutting the workforce by 340 people, or by 12 per cent. Inco said the cost of retirement and severance packages would make up about half of the first-quarter write-off. Production and marketing functions would also be streamlined.

IAI has production facilities in Huntington, West Virginia, and Hereford, England. It is one of the world's largest producers of high-nickel alloys, which are used by, among others, the aerospace, chemical processing, pollution control and energy industries.

Inco is also trying to find markets for new nickel-based materials and titanium products.

Bobst net income slips 8.6% to SFr65m for year

By Ian Rodger in Zurich

BOBST, the Swiss packaging machinery group, saw consolidated net income fall 8.6 per cent last year to SFr65m ($43m) on sales of SFr1.01bn, down 10.3 per cent.

The directors said there was an accelerated slowdown during the last months of the year, particularly in Europe.

They expect a recovery in 1993, particularly in the US, "but not sufficient to avoid a further slowdown of the overall activity this year".

The group has announced plans to convert its participation shares into bearer shares and to split the registered and bearer shares on the basis of two for each one held.

● Forbo, the Swiss floor and wall coverings group, has reported an 8 per cent slide in consolidated net income to SFr46.1m on sales up 1 per cent to SFr1.8bn.

The group said the result was satisfactory in spite of the increasingly acute impact of recession, especially in Scandinavia, Britain and Switzerland.

Telebras back in the black

By Bill Hinchberger in Sao Paulo

TELEBRAS, Brazil's state-controlled telecommunications group, recovered to post consolidated profits of $304.1m for 1992, against a loss of $154.8m the previous year.

The preliminary results also show the parent holding company recorded $652.9m profit, up from $121.8m in 1991.

Telebras, with 28 operating companies, owns 94 per cent of all public exchanges in Brazil and 91 per cent of the nationwide network local lines.

NOTICE OF PREPAYMENT

Forsmarks Kraftgrupp Aktiebolag

ECU 40,000,000 1983-1998 Retractable Bonds

Unconditionally guaranteed as to payment of principal and interest by

The Kingdom of Sweden

In accordance with article *Prepayment at the Company's Option* of the Terms and Conditions of the Bonds, notice is hereby given that Forsmarks Kraftgrupp Aktiebolag will redeem all the Bonds remaining outstanding (i.e. ECU 40,000,000) at their principal amount on May 31, 1993.

Payment of interest due on May 31, 1993 and repayment of principal will be made in accordance with the Terms and Conditions of the Bonds.

Interest will cease to accrue on the Bonds as from May 31, 1993.

Luxembourg, March 30, 1993

The Fiscal Agent
Kredietbank Luxembourg

The Nippon Credit Bank (Curaçao) Finance, N.V.

U.S. $500,000,000

Subordinated Floating Rate Guaranteed Notes 2000

In accordance with the terms and conditions of the Notes, notice is hereby given, that the interest rate for the Interest Period from 29th March, 1993 to 29th June, 1993 is 3.55% per annum. The Coupon Amount payable on the 29th June, 1993 in respect of each of U.S. $10,000 in principal amount of each note is U.S. $90.72.

Bankers Trust Company, London — Agent Bank

NOTICE TO HOLDERS OF

£64,250,000

CARLTON COMMUNICATIONS PLC

7½ per cent. Convertible Subordinated Bonds due 2007

(the "Bonds")

NOTICE IS HEREBY GIVEN that, with effect from April 1, 1993 (the "Effective Date"), National Westminster Bank Plc ("NatWest") will act as Registrar for the Registered Bonds in place of Morgan Guaranty Trust Company of New York. As of the Effective Date, requests for the exchange of Bearer Bonds for Registered Bonds, for the exchange of Registered Bonds for Bearer Bonds and the transfer of Registered Bonds pursuant to Conditions 5(a), 5(b) and 5(c) respectively of the Bonds, should be made to NatWest at the specified office listed below.

National Westminster Bank Plc
Registrars Department
PO Box 82 Caxton House
Redcliffe Way
Bristol BS99 7NH

CARLTON COMMUNICATIONS PLC
By: Morgan Guaranty Trust Company
as Trustee

Dated: March 30, 1993

BANQUE NATIONALE DE PARIS S.A. & CO (DEUTSCHLAND) OHG

USD 200,000,000
Floating Rate Subordinated Loan due 2000 to

THE HOKURIKU BANK LTD

Notice is hereby given that the rate of interest for the period from March 30th, 1993 to June 30th, 1993 has been fixed at 3.6 per cent. The coupon amount due for this period is USD 2,300.00 per USD 250,000 denomination and is payable on the interest payment date June 30th, 1993.

The Fiscal Agent
Banque Nationale de Paris (Luxembourg) S.A.

US $200,000,000

Rothschilds Continuation Finance B.V.

Primary Capital Undated Guaranteed Floating Rate Notes

For the period from March 30, 1993 to September 30, 1993 the Notes will carry an interest rate of 3⅝% per annum with an interest amount of US $183.47 per US $10,000 Note.

The relevant interest payment date will be September 30, 1993.

Agent Bank:
Banque Paribas Luxembourg
Société Anonyme

US $100,000,000

Compagnie Bancaire

Senior Collared Floating Rate Notes due 2002

For the period from March 30, 1993 to September 30, 1993 the Notes will carry an interest rate of 5⅛% per annum with an interest amount of US $26.83 per US $1,000 Note, of US $268.32 per US $10,000 Note and of US $2,683.23 per US $100,000 Note.

The relevant interest payment date will be September 30, 1993.

for and on behalf of
Credit Suisse Financial Products
as Agent Bank

Banque Paribas Luxembourg
Société Anonyme

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.54	19.62	19.62
0100	17.81	23.00	24.41
0130	18.14	23.15	29.70
0200	18.18	23.15	28.65
0230	20.70	23.89	25.25
0300	20.81	23.89	25.25
0330	20.81	23.89	25.28
0400	18.13	23.89	25.27
0430	18.11	19.07	19.07
0500	17.64	19.07	19.07
0530	18.19	19.17	19.17
0600	17.97	19.18	19.13
0630	17.89	19.62	19.62
0700	18.95	24.11	24.54
0730	23.88	29.57	30.13
0800	28.01	29.70	30.22
0830	31.82	29.56	30.16
0900	31.82	29.89	30.58
0930	24.21	29.38	31.05
1000	28.77	29.40	31.08
1030	28.77	29.89	30.58
1100	28.77	29.88	30.88
1130	28.77	29.28	31.08
1200	28.77	29.89	31.59
1230	28.77	29.56	31.41
1300	24.21	29.18	30.89
1330	24.17	29.17	29.75
1400	24.17	27.98	29.82
1430	23.82	24.82	28.05
1500	23.82	24.25	25.88
1530	23.82	24.55	25.99
1600	23.28	24.79	28.51
1630	22.65	29.46	31.15
1700	30.45	30.48	32.45
1730	30.45	31.45	33.68
1800	30.45	36.82	43.25
1830	18.72	43.85	49.30
1900	18.16	43.75	48.79
1930	18.17	35.92	39.28
2000	28.00	29.95	31.81
2030	28.00	24.36	25.88
2100	28.00	24.13	25.50
2130	28.00	24.05	25.41
2200	27.12	22.82	24.15
2230	22.54	22.81	24.17
2300	21.04	19.07	19.07
2330	17.84	18.62	18.62
2400	17.59	18.60	18.00

Prices are calculated for every half-hour in each twenty-four hour period. ... The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. ... Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. ...

NGC Settlements Limited

SLIGOS

DIVIDEND UP 12.5 %

The Board of Directors, chaired by Mr Gérard BAUVIN, reported the following key financial results for 1992:

FF millions	1992	1991	Change
Consolidated revenues	3,644.1	3,211.3	+ 13.50 %
Consolidated net income	189.5	174.2	+ 8.80 %
Profitability	5.2 %	5.4 %	
Net income before minority interests	172.8	170.7	+ 1.25 %
Cash flow	376.2	373.6	+ 0.70 %

These definitive figures are in line with the estimates published by Sligos on March 1, 1993.

At the General Meeting, the Board will propose the distribution of a dividend amounting to FF 9.00 and carrying a tax credit of FF 4.50, i.e. totalling FF 13.50 per share (up 12.5 % from 1991).

Notice of Redemption

BURLINGTON RESOURCES INC.

U.S.$79,973,000

7% Exchangeable Subordinated Debentures due 2004

Exchangeable for Common Stock of Anadarko Petroleum Corporation

NOTICE IS HEREBY GIVEN that Burlington Resources Inc. ("Burlington Resources") will redeem on April 29, 1993 (the "Redemption Date") all of its outstanding 7% Exchangeable Subordinated Debentures due 2004 (the "Debentures"), pursuant to paragraph 5(a) of the Terms and Conditions of the Debentures, at 104.2% of their principal amount (the "Redemption Price") plus accrued interest to the Redemption Date.

The Debentures are exchangeable at the option of the holder for shares of common stock of Anadarko Petroleum Corporation ("Anadarko") at any time prior to the close of business on the Redemption Date. The exchange price is U.S.$31.6725 per share of common stock of Anadarko (equivalent to an exchange rate of 31.573 shares per U.S.$1,000 principal amount of Debentures). The Debentures may be surrendered for exchange to any of the Exchange Agents at the addresses shown below, accompanied by a duly signed and completed notice of exchange, as provided in paragraph 6 of the Terms and Conditions of the Debentures.

In the event the holder elects not to exchange the Debentures prior to the close of business on the Redemption Date, the Debentures, together with all unmatured interest coupons appertaining thereto, should be surrendered for redemption to any of the Paying Agents at the addresses shown below. Upon acceptance of such Debentures by a Paying Agent, the surrendering holders are entitled, at any time on or after the Redemption Date, to receive the Redemption Price therefor, together with the interest that will accrue on the Debentures in the amount of U.S.$9.92 per U.S.$1,000 principal amount for the period from March 9, 1993 to the Redemption Date. Unmatured interest coupons due after the Redemption Date (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fiscal Agent and Principal Paying Agent

Union Bank of Switzerland
Bahnhofstrasse 45
8021 Zurich

Paying and Exchange Agents

Union de Banques Suisses (Luxembourg) S.A.
36-38 Grand Rue
L-2011 Luxembourg

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
B-1040 Brussels

Union Bank of Switzerland
100 Liverpool Street
London EC2M 2RH

Dated: 30 March, 1993

United Kingdom

U.S.$4,000,000,000

Floating Rate Notes Due 1996

In accordance with the provisions of the Notes, notice is hereby given that, for the three month period 30th March, 1993 to 30th June, 1993, the Notes will bear interest at the rate of 3¹⁄₁₆ per cent. per annum. Coupon No.27 will therefore be payable on 30th June, 1993, at the rate of US$3,913.19 from Notes of US$500,000 nominal and US$78.26 from Notes of US$10,000 nominal.

S.G.Warburg & Co. Ltd.
Agent Bank

Japanese watchdog aims to silence wagging tongues

Robert Thomson examines a commission's quest to clean up stock markets and restore confidence

BENEATH the flickering red lights of an electronic stock board showing Tokyo share prices edging higher, Mr Masami Ishizaka, the head of Japan's Securities and Exchange Surveillance Commission, had reason to be relaxed about his crusade to clean up the Japanese stock markets and restore investor confidence shaken by a flurry of scandals.

Established in the heat of scandal, the commission, however, has found it difficult to cultivate the image of an aggressive and independent watchdog. It still shares a building with the finance ministry and takes its staff on a rotation basis.

Mr Ishizaka, SESC secretary general, is mildly irritated by the often-expressed scepticism of Japanese business commentators, who have suggested the commission answers to a finance ministry which has restruck its close relationship with the securities industry.

"We are not at all controlled by the finance ministry," he says. "Each institution has its own responsibilities. The ministry issues licences to securities houses, but we are in charge of investigations. If we make a recommendation for action, something should be done about it."

Masami Ishizaka: leading market clean-up campaign

The commission's 203 staff, also including ex-prosecutors and former tax investigators, like to compare themselves to the Fair Trade Commission, Japan's anti-monopoly body, which has become increasingly vigilant in the past three years, partly due to intense US pressure to clear away cartels.

With well-publicised raids on bid-rigging printing houses and price-fixing electronics companies, the FTC has at least given industrial Japan cause for contemplation. It is still criticised by the US for not being tough enough, but has also been condemned by business organisations for its zeal.

The same cannot be said of the SESC, which has released details of only one investigation: a case against Cosmo Securities, a second-tier broker found to be guilty of *tobashi* – shuffling stocks around client accounts to avoid booking a loss.

Cosmo was told in December to suspend corporate business in Tokyo for a week, and to stop dealing in convertible bonds on its own account for four weeks.

Promising to be even more vigilant than the FTC, Mr Ishizaka explains the SESC's low profile by emphasising: "We are only getting started." He said comparisons with the US Securities and Exchange Commission (SEC) were not useful because of the different structure of the two financial systems. But he is confident his commission has put pressure on brokers to play by the rules.

"I think the securities houses see us as something that is quite frightening. We emphasise to them that we want to ensure that the prosperity of the industry is fair and just."

'I think the securities houses see us as something that is quite frightening. We emphasise to them that we want to ensure that the prosperity of the industry is fair and just.'

Over the past two years, the industry has been forced to confess that some of its prosperity was not "fair and just". Leading brokers admitted to stock price manipulation, compensating favoured corporate clients, and links to one group of unsavoury investors, the *yakuza*, or gangsters.

After the controversy and condemnation, Mr Ishizaka said the industry appeared to have learned from the mistakes and was attempting to reform its management. Despite the favourable comparison with the FTC, he says the commission is "willing to support this gradual change".

But the pressure for change has eased as Tokyo stock prices have risen over the past month. The SESC was commissioned when the Nikkei stock market average was languishing at around 16,000, and reassuring investors was a government priority. The SESC was to ensure that all were treated equally, and the bad habits of the "bubble" era of the late 1980s were reformed.

Yesterday, the Nikkei market average rose rose 1.4 per cent to 19,048.38, the highest close since last March 31, the end of the fiscal year, when financial institutions and industrial companies closed the books and calculated losses or gains on their stock portfolios.

Japanese brokers say the market has bottomed and the boisterous, bullish trading days have returned. Daily market turnover has topped 800m recently, four times that of February, and speculative stocks have returned to fashion.

Big turnover stocks yesterday included Nippon Housing Loan, a crippled home loan institution now under reconstruction, and companies involved in Aids research such as Meiji Milk, a dairy products group. It remains unclear whether stocks have really turned the corner – the market was trading yesterday on a price/earnings ratio of 65.8 times.

The SESC was also formed amid severe criticism of the the intimate relationship between the finance ministry and financial institutions. The ministry's lack of will to control undisciplined brokers and often obscure administrative guidance were cited as causes of the stock scandals.

Responding to the controversy, the ruling Liberal Democratic party decided the relationship, sometimes clouded by ministry officials' expectation of a future job in banking or broking, was in need of reform. Apart from investigation, the SESC was given the power to "propose policies" to keep financial markers fair.

Time has passed, and the debate has faded. Mr Ishizaka sees positive aspects in the traditionally close ties: "The finance ministry has various administrative functions, and it is useful that the ministry and the brokers are close."

Caution as Australian Alcan sees improvement

By Kevin Brown in Sydney

ALCAN Australia, a 73 per cent subsidiary of Alcan, the Canadian aluminium group, yesterday forecast a return to profit this year, following net losses of A$15m (US$10.8m) and A$29m in the last two years.

However, Mr Jeremy Davis, chairman, told the annual meeting the result was unlikely to represent a satisfactory return to shareholders.

Mr Davis said the international environment was not promising, noting that aluminium prices had fallen to between US$1,150 and US$1,170 a tonne on the London Metal Exchange.

"Aluminium prices today are the lowest they have been in real terms for more than 20 years, and some 25 per cent below a moving average trend price for metal over that period," he said.

Mr Davis said the low price for aluminium reflected the continuing flow of metal from the former Soviet Union, and widespread reluctance to close even the world's highest-cost smelters.

He said there was no reason to expect any improvement in the current year because many of the higher-cost smelters were controlled by governments, which had motives other than profit for keeping them open.

Mr Davis said demand might increase in the US, but the group was not confident of an upturn in Japan and western Europe.

Strong recovery for Arabian Oil

ARABIAN Oil, Japan's biggest oil production company, posted a strong recovery in 1992 with a 380 per cent rise in net consolidated profits to Y2.24bn ($19m) from Y460,000 the year before, which was depressed by the Gulf war, AP-DJ reports from Tokyo.

Israel Discount ahead 53.6%

By Judy Maltz in Jerusalem

ISRAEL Discount Bank, the country's third-largest bank, yesterday reported a significant 53.6 per cent increase in net profits for 1992 to Shk145.4m ($52.6m).

This sharp rise was attributed to a decrease in the size of the bank's provision for bad debts and to an increase in income from non-banking activities, mainly services involving the capital markets and foreign currency.

Israel Discount's bad debt provision fell from Shk157.1m in 1991, when the country's banks were forced to make considerable write-offs for loans given to the troubled agricultural sector, to Shk128.4m last year.

The bank's consolidated assets totalled Shk17.5bn at the end of the year, increasing 14.7 per cent from the previous year.

Shareholders' equity rose 10.5 per cent to Shk2.6bn, while net return on shareholders' equity was up from 4.7 per cent in 1991 to 7 per cent in 1992.

Israel Discount Bank of New York, the bank's major subsidiary and the largest Israeli bank operating abroad, increased its net profits in 1992 to $14.1m from $11m in the previous year. The bank said these results were "satisfactory, surpassing last year's despite the economic condition in the US".

The New York bank's balance sheet totalled $3.9bn at the end of the year.

Businessman pulls out of Beijing deal

MR ROBERT Kuok, a Malaysian-Chinese businessman with interests in commodities, hotels and property in the region, is reported to have quit a multi-million US dollar project to redevelop a central area of Beijing, writes Kieran Cooke in Kuala Lumpur.

United Gulf Bank profit tumbles 27% to $13.7m

BAHRAIN-based United Gulf Bank revealed yesterday that net profit fell 27 per cent in 1992 to $13.7m from $18.8m a year earlier, AP-DJ reports.

The offshore banking unit said its gross income rose 35 per cent in 1992 to $25.1m from $18.6m, helped by a large increase in income from investment in managed portfolios.

However, it said the increased costs of funding and hedging its assets, owing to the high interest rate climate during 1992, resulted in a loss on interest expenses of $6.85m, compared with a loss of $953,000 a year earlier.

Additionally, the bank's foreign exchange operations showed a loss of $2.74m, compared with a gain of $2.45m in the previous year.

United Gulf said these factors pared the gross income, leaving the bank showing a sharp fall in net income, compared with a year earlier.

Total assets of the bank increased 32 per cent, however. At the end of 1992, assets were $297.1m, against with $225m at the end of 1991.

The bank's statement also showed that the bank's accumulated deficit fell to $28m from $40.4m a year earlier.

Interest in Japan as financial centre wanes

By Emiko Terazono in Tokyo

JAPAN'S position as an international financial centre has waned over the past four years as foreign banks and brokers have become frustrated by opaque market practices and the slow pace of financial deregulation.

According to a survey by the Japan Center for International Finance, an affiliate of the ministry of finance, only 6 per cent of 67 foreign financial institutions questioned believed the Tokyo market could pip New York and London to become the leading financial market within five years.

This figure is sharply lower than in 1989, when 32 per cent of those surveyed expected Tokyo to lead the other two markets in five years' time.

The figures reflect the weakness of the Tokyo stock market, which has forced some foreign brokers to restructure their Japanese operations and, in some cases, withdraw from the market altogether.

Salomon Brothers and Merrill Lynch, the US brokerages, have recently announced reorganisations. County NatWest, the securities arm of National Westminster Bank of the UK, last year became the first foreign broker to relinquish its seat on the Tokyo stock exchange.

Only 9 per cent of respondents said they were satisfied with the extent of financial deregulation in Japan, and 49 per cent said liberalisation was inadequate compared with London and New York. Some 23 per cent said the financial markets were far from being liberalised.

On the stability of Japan's financial system, 22 per cent said there was a lack of disclosure over the extent of bad loans held by Japanese banks.

A total of 67 per cent said obscure market practices and decision-making were a problem, while others indicated that accounting and tax rules were obstructive.

Despite their waning enthusiasm, foreign banks said profits were rising as a result of the reluctance of Japanese banks to lend to corporations, together with lower interest rates.

The number of foreign banks who found fund procurement from the short-term money market difficult fell from 21 per cent in 1989 to 10 per cent.

Most foreign brokers were taking a long-term view, with 60 per cent replying that they had a long-term strategy in Japan.

Only 5 per cent indicated they were withdrawing from the securities business, while another 5 per cent said they were cutting securities operations.

Era ends at IBM Japan with chief's resignation

By Emiko Terazono in Tokyo

THE sudden resignation of Mr Takeo Shiina from his post of chief executive at IBM Japan, the wholly-owned subsidiary of International Business Machines of the US, has shocked both the company's employees and its rivals.

The decision comes as the company is attempting to shift its business strategy from hardware to software business. It represents the end of an era and of the active business involvement of a man who has changed the corporate culture of a subsidiary of one of the most famous US companies.

"I'm tired after 40 years," said Mr Shiina, who is now the largely ceremonial chairman of IBM Japan. "I'm not the kind of person who'll drag work to his grave."

He said he had decided to "retire" as IBM Japan's chief executive earlier this month after being criticised by the local media of still trying to exert his power after handing over the presidency to Mr Kakutaro Kitashiro.

With Mr Shiina's resignation and the departure of Mr John Akers as chief executive of IBM, analysts fear that the relationship between the Japanese group and its US parent, under which the former had almost total autonomy, could change radically.

Mr Shiina argued for a flexible approach to the Japanese market in the late 1970s. He warned that the company needed to adapt to Japanese conditions, rather than merely apply the same global business strategy. This included centralised development of computer hardware and software. It also meant a marketing policy which stressed direct sales through the company's own sales force, rather than the construction of dealer networks, and a rigid adherence to fixed prices.

Under Mr Shiina, IBM Japan formed a joint-venture company in 1983 to operate a leasing system and set up a network of independent dealers to sell its medium-sized computers.

Mr Shiina also dealt with the Japanese system of "administrative guidance" in a Japanese way. He wined and dined government officials and politicians at IBM's convention centre at the foot of Mount Fuji. He sat on an important advisory board at the ministry of trade and industry, and IBM Japan managed to join the ranks of leading Japanese companies at the *Keidanren*, the business leaders' organisation.

Although IBM Japan earned high profits for more than 20 years due to its dominance in the Japanese mainframe market, the sluggish Japanese economy and fall in capital investment has hit earnings.

The slump in IBM Japan's profitability may force its parent to impose more aggressive cost-cutting measures. Even Mr Shiina, long an advocate of Japanese-style management, has now pointed out that business management at Japanese companies needs to change.

"Japanese companies cannot go on unscathed by foreign criticism without making sacrifices. They need to bleed, too," he said.

Semi-Tech advances 23.5% for the year

By Simon Davies in Hong Kong

SEMI-TECH (Global), the Hong Kong-based owner of the Singer sewing machine group, has announced a 23.5 per cent increase in net profits to HK$952m (US$123m) for the year to January 1993, up from HK$771m.

The results included an exceptional gain of HK$578m as a result of the sale of 16 per cent of its stake in New York-listed Singer. Semi-Tech retains 51 per cent control of the company.

At the operating level, excluding exceptional items, the company showed a 12 per cent increase in earnings.

Mr James Ting, chairman, said: "Despite the economic stagnation for most major economies in the world, the group's performance is satisfactory."

Semi-Tech recently entered a tentative agreement to purchase a 29 per cent stake in G. M. Pfaff, a German sewing machine manufacturer, with a further agreement to increase this stake to 51 per cent.

Mr Ting said: "Semi-Tech would be able to assist Pfaff restructure, give Pfaff immediate access to Singer's distribution network, and provide Pfaff with the right platform to move into China, Vietnam and Latin America." The deal would offer synergies with the Singer group, but awaits government and regulatory approvals.

Semi-Tech is also endeavouring to turn around Sansui, the heavily lossmaking Japanese consumer audio group it purchased from Polly Peck in mid-1992. It successfully resuscitated the ailing Singer group, which it purchased in 1989.

The directors recommended a final dividend of 60 cents a share, representing a full-year pay-out of 83 cents, compared with 78 cents in the previous year.

In addition, Semi-Tech is to pay-out a special dividend of 30 cents to reflect the "turnaround of Singer".

Singapore banks exceed expectations

By Kieran Cooke in Kuala Lumpur

TWO of Singapore's biggest banks, Oversea-Chinese Banking Corp (OCBC) and United Overseas Bank (UOB), have reported strong profits, reflecting improved domestic growth and general economic buoyancy in the south-east Asia region.

OCBC, Singapore's second-biggest company in terms of market capitalisation after Singapore Airlines, reported net profits of S$295.46m (US$180.2m) in the year to December 31 1992, a 16 per cent rise over the S$255.8m profits achieved in 1991.

OCBC's banking net earnings increased by more than 17 per cent to S$197.4m. Total income for the OCBC group fell slightly, to S$2.29bn from S$2.41bn.

Net interest income for the group rose more than 15 per cent to S$555.4m, from S$480m. Loans and advances for the group rose 12.8 per cent to S$16.1bn, from S$14.2bn. For the banking activities, loans and advances went up more than 13 per cent toS$12.8bn.

OCBC said earnings per share in 1992 were 44 Singapore cents, compared with 38 cents in 1991.

The bank will pay a final dividend of 10 cents, bringing the total for the year to an unchanged 15 cents.

UOB net profits for the year ending December 31 1992 were S$300.79m, a rise of 15 per cent on the S$261.6m figure recorded in 1991. Banking profits rose 8 per cent to S$169.2m.

UOB said earnings per share rose to 52.8 cents in 1992, compared with 46.7 cents the previous year. The bank is paying a maintained dividend of 10 cents.

Both OCBC and UOB results were slightly ahead of market expectations. Singapore's big banks continue to be among the world's best-capitalised financial institutions.

Most analysts predict further strong growth in 1993.

A recent Merrill Lynch report estimated that OCBC's combined capital adequacy ratio, including latent reserves, could be as high as 35 per cent.

The island republic's conservatively-run banks are now being encouraged by the government to use their large cash reserves to help Singapore companies expand overseas.

The banks have already stepped up their offshore lending activities, particularly in south-east Asia.

Broken Hill edges to A$226m for quarter

By Kevin Brown in Sydney

BROKEN Hill Proprietary (BHP), Australia's biggest company, has announced that net profits edged ahead by 0.8 per cent to A$226m (US$162m) for the third quarter to the end of February, on revenue up 13.6 per cent at A$4.1bn.

Operating profits increased by 3.6 per cent to A$932m, reflecting favourable foreign exchange rates and an increase in revenue from its three main businesses – minerals, petroleum and steel.

However, depreciation charges rose 8 per cent to A$341m, largely reflecting the inclusion of NZ Steel, acquired last year. Interest expenses increased by 14 per cent to A$144m, following the purchase of a 38 per cent stake in Foster's Brewing.

The result was at the higher end of market expectations, but BHP appears likely to suffer a significant loss of revenue in the final quarter if steelworkers go ahead with a threatened 24-hour strike over pay.

The steelworkers' union has warned that further industrial action could follow unless the dispute was settled. BHP said a strike would significantly reduce production and could threaten export sales.

The third-quarter result takes net profits for the first nine months to A$728m, 15 per cent over the period a year earlier. The directors declared a maintained interim dividend of 21 cents a share, fully franked.

At the minerals division, net profits rose 10 per cent, before deducting outside equity interests, to A$189m. It benefited from higher sales volumes for iron ore, manganese ore and thermal coal, plus higher copper prices, and an increased contribution from the Ok Tedi gold and copper mine in Papua New Guinea.

On the same basis, steel profits increased by 5.6 per cent to A$39.3m, helped by higher sales volumes and the inclusion of NZ Steel. However, BHP said the result was "disappointing".

The petroleum division reported a 28 per cent increase to A$106m, reflecting higher oil and liquefied natural gas production. Lower crude oil prices were more than offset by a reduction in the value of the Australian dollar against the US currency.

BHP said "significant progress" had been made towards finalising a production sharing contract for the prospective Dai Hung offshore oilfield in Vietnam. BHP Petroleum will operate the field, with a 43.75 per cent interest.

Minorco to acquire 50% stake in Irish zinc-lead operation

By Kenneth Gooding, Mining Correspondent

MINORCO, the Luxembourg-based overseas investment arm of Anglo American of South Africa, is to buy a half-share in the Lisheen project in Country Tipperary, the second-largest zinc-lead deposit in Europe, for about $72m.

This represents another important step in Minorco's ambition to become a hands-on operating company in the natural resources industry. It comes only days after Minorco agreed to pay Redland £55m ($78.10m) for Steetley Iberia, a Spanish aggregates business.

Minorco will buy the Lisheen stake from Ivernia West, a small Irish exploration company. Ivernia owns 47.5 per cent of Lisheen and various other exploration licenses in the area, and is to buy the outstanding 52.5 per cent from Chevron, the US oil company.

Originally, Chevron was to sell its holding to Lac Minerals of Canada, but an arbitrator ruled that Ivernia had pre-emptive rights.

Mr David Hough, Ivernia's managing director, said Minorco would provide $66m for his company to take up its pre-emptive rights, taking in exchange a half-share in Lisheen. Ivernia would have 100 per cent of all other licenses.

Minorco would pay about $6m to Chevron to cover the US company's costs in the venture. Also, Minorco would provide Ivernia with up to $18m to pay for Ivernia's share of cash needed for the planning and pre-feasibility study processes.

No Ivernia equity would be issued so the shareholdings of Ivernia's two big investors, Minorco and Outokumpu, the state-owned Finnish group, would remain at 24.5 per cent each.

Mr Hough said Outokumpu's two representatives on the Ivernia board had voted in favour of the arrangements agreed with Minorco.

The South African company will operate the Lisheen project, where reserves are estimated to total 25m tonnes of 11.8 per cent zinc, nearly 2 per cent lead and to contain 1 troy ounce of silver a tonne. Mr Hough said it would cost about $140m to develop a mine at Lisheen which should be capable of generating an annual profit of $40m to $60m.

He said it was hoped planning approvals for the project would be completed by October and that a mine would start operating late in 1995 or early in 1996.

Kleinwort sees financing openings in China

By Tony Walker in Beijing

POWER generation projects for energy-starved China present almost boundless opportunities for creative financing according to Mr Robin Fox, vice-chairman of Kleinwort Benson, the UK merchant bank.

Mr Fox, who was a guest speaker in Beijing at a Sino-British commercialisation and capital project financing seminar, said "build-operate-transfer" (BOT) deals would help China overcome an acute shortfall of financing available from traditional sources such as the World Bank and Asian Development Bank.

BOT schemes – under which infrastructure projects are built, operated and paid for by a promoter for an agreed period before being transferred to government ownership – have already been pioneered in China by Mr Gordon Wu, the Hong Kong businessman who heads property development group Hopewell Holdings.

He has built a power station in southern Guangdong province and is in the process of building a second.

China recently announced it would allow 100 per cent foreign ownership of power utilities.

This is a sure sign that it is desperate to engage foreign capital in efforts to overcome chronic energy shortages that are proving a drag on economic growth that neared 13 per cent last year.

China is circulating a list of 28 power projects totalling 45,000 megawatts that it hopes to begin work on in the next three years, finance permitting.

This, Mr Fox believes, is where opportunities lie for financial intermediaries.

"World Bank, Asian Development Bank and other international agencies will be fully involved, but it is likely they can only meet a limited proportion of the finance requirements," he said.

"China has already moved quickly to accept an increased reliance on market forces and significantly increased private sector participation." Mr Fox said BOT schemes could also be used for other infrastructure development such as toll-roads, ports, bridges and airports, but these were trickier in terms of securing a guaranteed return on investment to satisfy financial backers.

Power stations, on the other hand, were more easily geared to recouping outlays from tariffs paid by consumers, Mr Fox said.

"A power purchase contract can guarantee the revenue stream for a power station project," he observed. "But it is clearly less practical to conclude contracts with users of a toll road or passenger rail system."

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, March 29, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)	COUNTRY		£ STG	US $	D-MARK	YEN (X 100)	COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Special Drawing Rights March 26, 1993 [illegible]. European Currency Unit Rates March 26, 1993 [illegible].

[illegible]

Monday, March 29, 1993

French notes rally as franc gains ground on D-Mark

By Sara Webb in London and Patrick Harverson in New York

FRENCH government bonds rallied as the franc strengthened against the D-Mark yesterday in the wake of the expected centre-right election victory.

Dealers said French bonds took encouragement as the franc strengthened to FFr3.3950 to the D-Mark, compared with FFr3.4050 before the weekend, and as short-term interest rates edged lower.

The yield on the 7.5 per cent bond due 1995 moved to 7.23 per cent from its opening of 7.36 per cent. The rally was less marked at the long end, but the 10-year bond closed higher with the yield of 7.30 per cent, compared with an opening level of 7.32 per cent.

GOVERNMENT BONDS

One dealer noted strong buying interest later in the day on rumours that the franc may be allowed to float, which would pave the way for lower interest rates. The Matif futures contract gained 0.16 to end at 17.42 in relatively light volume.

■ ITALIAN government bonds tumbled yesterday in response to news at the weekend that some senior Christian Democrats, including former prime minister Giulio Andreotti, may be investigated over alleged links with the Mafia.

The lira's weakness against the D-Mark also depressed the bond market, and dealers reported heavy selling by foreigners. The BTP futures contract fell from Friday's close of 95.96 to 95.14.

■ THE Bank of Spain's decision yesterday afternoon to cut its overnight rate from 14.75 per cent to 14.25 per cent added further momentum to the Spanish government bond market.

Dealers said the market was already in bullish mood, helped by the French election result and the strength of the French franc. The yield on the 10-year benchmark fell from 11.50 per cent to 11.37 per cent.

■ UK government bonds closed mixed, with the short end buoyed up by hopes of a base rate cut, while longer-dated issues slipped back ahead of tomorrow's £3bn gilt auction.

Abbey National said yesterday it may be forced to raise its mortgage rate in order to be able to offer more attractive rates to savers. Dealers said Abbey National's threat led to speculation in the market that the government may cut its base rate in order to avert the risk of higher mortgage rates.

■ AFTER last week's big losses, US Treasury prices firmed yesterday despite some early weakness on overseas markets.

By late morning, the benchmark 30-year government bond was up $\frac{1}{32}$ at 102⅛, yielding 6.923 per cent. At the short end of the market, prices were also firmer, with the two-year note up $\frac{1}{32}$ at 99$\frac{29}{32}$, to yield 3.973 per cent.

Trading in New York opened against a pessimistic background. Investors and dealers continued to speculate that this year's remarkable bond market rally – which pushed long-term yields down to 6.7 per cent, may be over because of rising inflation.

Moreover, there was considerable overnight selling in Tokyo, although that was seen primarily as a delayed reaction to last Friday's declines.

Despite the gloomy backdrop, prices picked up ground from the start, amid talk that the Federal Reserve would once again step into the market and purchase coupon-bearing Treasuries outright. Dealers said that short-covering also contributed to the gains.

The day's economic news – a 4.6 per cent rise in new home sales, a 0.2 per cent rise in personal income, and a 0.6 per cent rise in personal spending (all from February) – had little effect on the market.

This was mainly because the news was old, and attention was fixed on the more important economic statistic out this week – the March employment report, which will be published on Friday.

Yesterday, investors were cautiously optimistic that it will not prove a repeat of February's unexpectedly strong jobs report, which showed a 365,000 increase in non-farm payrolls. Analysts are expecting payrolls to have risen by 100,000 this month.

■ JAPANESE government bond futures suffered a sharp fall yesterday, prompted by a strong rally in the stock market.

The Nikkei stock index topped 19,000 and closed at 19,048.38, its highest level in the current fiscal year and 259.68 points above its Friday close. Dealers said the recovery in the stock market – which has gained over 13 per cent since March 8 – wiped out hopes of any further easing in interest rates.

"People see the stock market rally as a sign that there is a switching of assets, out of bonds and into equities," said one dealer, although he added that most investors were likely to hold on to their cash bond holdings until the new fiscal year starts on April 1.

The futures contract opened at 108.60, reaching a high of 108.78 early in the trading session, before heavy selling pressure pushed the price down to a low of 107.93, the closing price.

The fall in cash bond prices was less marked. The yield on the benchmark No 145 issue moved from 4.215 per cent at the opening to end the day at 4.28 per cent.

The ministry of finance is expected to auction the April issue of 10-year government bonds this week and dealers said the coupon may rise for the first time in almost a year.

FT FIXED INTEREST INDICES

	Mar 29	Mar 26	Mar 25	Mar 24	Mar 23	Year ago	High *	Low *
Govt Secs (UK)	98.24	98.34	98.50	95.80	98.90	85.74	98.04	85.11
Fixed Interest	111.89	112.02	112.14	112.27	112.84	98.72	113.83	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (9/3/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22
Gilt Edged Bargains	118.7	128.8	102.3	129.4	144.6
5-Day average	138.4	138.8	135.0	127.9	124.2

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	114.1988	+0.498	7.86	7.63	7.75
BELGIUM		9.000	03/03	109.6750	-0.200	7.58	7.41	7.47
CANADA *		7.250	06/03	98.0500	-0.250	7.53	7.47	7.34
DENMARK		8.000	05/03	99.7200	+0.320	8.04	8.15	8.46
FRANCE	BTAN	8.000	05/98	104.2558	+0.340	6.97	7.16	7.46
	OAT	8.500	04/03	108.4000	+0.090	7.29	7.39	7.44
GERMANY		7.125	12/02	103.4750	-0.050	6.62	6.67	6.61
ITALY		11.500	03/03	93.5600	-0.625	13.05†	12.80	12.58
JAPAN	No 119	4.800	06/99	102.0307	-0.908	4.38	3.99	3.85
	No 145	5.500	03/02	107.9127	-0.529	4.25	4.07	3.86
NETHERLANDS		7.000	02/03	102.1100	-0.180	6.69	6.63	6.48
SPAIN		10.300	06/02	93.3239	+0.474	11.48	11.47	11.53
UK GILTS		7.250	03/98	102-05	-	6.73	6.71	6.60
		8.000	08/03	101-18	-7/32	7.79	7.66	7.66
		9.000	10/08	105-26	-6/32	8.33	8.21	8.20
US TREASURY *		6.250	02/03	101-12	+26/32	6.08	5.96	5.95
		7.125	02/23	103-18	-	6.82	6.82	6.95
ECU (French Govt)		8.000	04/03	102.8500	+0.200	7.58	7.61	7.69

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

SKF long-term debt downgraded by Standard & Poor's

By Christopher Brown-Humes in Stockholm

SKF, the world's leading roller bearing manufacturer, yesterday had its long-term debt downgraded to BBB from BBB plus by Standard & Poor's, the US rating agency.

S&P said the decision was based on the Swedish company's weak 1992 financial performance, its rising debt and increasingly difficult industry conditions. SKF's loss after financial items rose to SKr1.8bn ($233m) in 1992 from SKr221m a year earlier, while net debt rose to SKr6.7bn from SKr5.6bn.

Low industry demand and price pressures mean the debt will only be reduced slowly, according to S&P. Demand in Europe, which accounts for more than 60 per cent of group sales, is expected to be particularly weak this year.

"With few signs of a recovery in the fortunes of SKF's main customers, the automotive and engineering industries, SKF could face its fourth consecutive year of declining demand," S&P warned.

It noted the group's strong industry position and its rationalisation programmes, but stated that "prolonged industry difficulties could weaken demand beyond expectations and lead to reduced credit quality."

● S&P also lowered its rating on the US dollar-denominated Euro-commercial paper programme of Neste Oy, the Finnish state-owned oil and chemicals group.

The cut to A-2 from A-1 reflected "a material deterioration of the group's financial position due to the difficult trading positions in all its key businesses and the continuing high level of capital investment in the last couple of years," said S&P.

The agency noted the Finnish government's capacity to help state-owned companies had been constrained by sharply higher public sector borrowing.

Neste has been identified as a privatisation candidate by the government. The group's business position in the Nordic region is strong, according to S&P, particularly in Finland where it is the only oil refiner.

TCV's A$500 offering provides focus as activity subsides

By Tracy Corrigan

ACTIVITY in the Eurobond market subsided yesterday as the end of the Japanese fiscal year on March 31 kept many Japanese investors out of the market.

The pace of issuance is expected to increase later in the week, although a heavy calendar of economic data and Thursday's Bundesbank meeting are expected to cap activity. Generally, the level of activity in the second quarter is not expected to reach record first-quarter issuance.

INTERNATIONAL BONDS

The main focus of the day was an A$500m offering for Treasury Corp of Victoria, the largest in the sector to date. The deal was described as global by lead-manager Merrill Lynch, although there is no initial placement in Australia.

The structure of the issue of 10¾ year bonds, due to be priced today, ran into some criticism from competitors. While they accepted that Merrill had found demand among US investors, European dealers said that there was little interest in the deal among European investors.

Firstly, the fact that the bonds are registered is a severe deterrent for many European investors in the Australian dollar market, many of whom are retail investors and buy only bearer bonds. In addition, the pricing appeared aggressive to European investors, since the issue is likely to yield 10 basis points less than TCV's recent 10-year Eurobond.

In addition, the decision to price the deal at 12 basis points below the yield of the borrower's 10-year debt in the domestic Australian dollar market provoked concern. Dealers were worried that at the time of the pricing, on Tuesday afternoon European time, there would be no active trading in the benchmark.

A government bond would have provided a better benchmark, they argued. The margin over the comparable government bond is about 60 basis points.

However, Merrill said that there was strong demand for the paper in the US and in eastern Asia. US investors, in particular, are taking a positive view on the currency.

Dealers said US investors had been showing some interest in "exchangeable" New South Wales and Queensland bonds, which can be sold into the Australian market.

● The Philippines plans to offer another Eurobond issue to tap the capital market to fund its development projects, according to Mr Ramon del Rosario, finance secretary, Reuter reports from Manila.

Mr del Rosario said in an interview published by the Manila Chronicle newspaper, that Manila had given assurances to the International Monetary Fund that "we will not go crazy in our buying spree" in the international credit markets. It will be the country's second offering after the successful launch earlier this month of a $150m Eurobond issue in London.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Banco da Bahia Investimentos‡	50	11	99.7868	Oct.1995	1.25/0.75	Bear Stearns Intl.
D-MARKS						
Depfa Finance	500	6.5	101.3	May.2000	2.25/1.95	Deutsche Bank
AUSTRALIAN DOLLARS						
Treasury Corp.of Victoria(a)§	500	(a)	(a)	Oct.2003	0.5/0.3	Merrill Lynch Intl.

Final terms and non-callable unless stated. ‡Semi-annual coupon. a) Global bond. Priced today to yield 12bp below the bid of TCV's A$ domestic 12.5% bond due 2003.

Scandinavian banks set to securitise mortgages

By Tracy Corrigan

SEVERAL Scandinavian banks are preparing to securitise their mortgage portfolios, allowing them to ease some of the financial pressure they are under and to raise fresh funds.

Scandinavian banks have been hit by losses in the property and commercial loans sector as a result of severe recession and poor credit analysis, and their credit ratings have suffered as a result.

Postipankki, the Finnish bank, is planning a $500m issue of mortgage-backed securities, arranged by Merrill Lynch.

The offering will be filed with the US Securities and Exchange Commission, allowing the deal to be placed in the US domestic market, where the well-developed mortgage-backed market can offer finer pricing than in Europe. The deal will either be structured as a US offering or as a global offering.

The deal will be made up of at least five tranches, the largest with a maturity of only one year, aimed at US money market funds.

In addition, Union Bank of Finland has mandated Morgan Stanley to arrange a mortgage-backed issue later in the year. Spintab, the Swedish mortgage institution, is also said to be planning a mortgage-backed issue via Nomura.

Dealers said that conditions were ripe for a wave of securitisation by Scandinavian banks. However, the logistical problems involved in setting up such deals means that a sudden rush of deals is unlikely.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on March 29

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	[illegible]	[illegible]	[illegible]
Other Fixed Interest	[illegible]	[illegible]	[illegible]
Commercial, Industrial	[illegible]	[illegible]	[illegible]
Financial & Property	[illegible]	[illegible]	[illegible]
Oil & Gas	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

[illegible]

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

[illegible]

FT-ACTUARIES FIXED INTEREST INDICES

[illegible]

The Telegraph directors repeat Southam deal recommendation

By Maggie Urry

THE TELEGRAPH, the newspaper group 68 per cent owned by Mr Conrad Black's Hollinger Group, has sent shareholders a second circular about the £72.3m deal to buy a stake in Southam, the Canadian newspaper company.

The new circular, which was necessitated by the purchase of an 18.8 per cent stake in Southam by Power Corporation of Canada, again recommends minority shareholders to vote in favour of the deal. At a special meeting to be held on April 13 Hollinger will not vote, but holders of 8.3 per cent of the shares will support the resolution.

The Telegraph has also joined the list of companies paying a second interim dividend to beat the Budget changes on advance corporation tax. It will pay the 6.5p dividend on April 5 so allowing shareholders the benefit of a 25 per cent rather than a 20 per cent tax credit.

The circular says that the Power investment in C$180m (£100m) new shares in Southam, "will strengthen Southam's balance sheet" and that "Power, with Hollinger and The Telegraph, will add to the pressure for an improvement in Southam's performance".

The Telegraph's independent directors said that the Telegraph's ability to influence Southam "may be diminished by the presence of Power" but an agreement between Power and Hollinger would mean that the three would be "a powerful force for change at Southam". Together they would hold more than 37 per cent of the shares. They added that the changes to the deal would not alter the financial effects of the investment on The Telegraph.

The independent directors acknowledged that Power's investment at C$14 a share, compared to the offer of shares to The Telegraph at C$18.10 a share, "has received comment". "It is clear that the lower price paid by Power is to its advantage", however such an opportunity was not on offer to The Telegraph, they added.

The first circular was posted on March 13. It was between March 13 and March 15, before shareholders received that document, the new circular reveals, that Hollinger began negotiating the deal with Power. The Telegraph learned of the discussions on March 16.

Power's proposal to Southam was accepted on March 18 and The Telegraph's shareholders were told on March 19. The egm called for today, before the change in the deal, will be adjourned.

NatWest Securities changes earnings stance

By Andrew Jack

NATWEST SECURITIES has announced a change in the way it will be calculating companies' "normalised" earnings as a result of the new format introduced by FRS 3, the new accounting standard on the profit and loss account.

In a circular to clients, it says it has re-cast its previous formula and will exclude non-trading – or capital – items in its own figure.

The details come as many analysts are pondering how best to interpret FRS 3, which all but abolishes extraordinary items and changes the structure of company accounts.

The firm stresses that its forecast normalised earnings will therefore show the expected operating performance of a company in the light of its structure during the reporting period.

NatWest's separate calculation for "maintainable" earnings will include simply acquisitions, continuing business operations and exceptional recurring charges from a company's trading results.

It says there will never be agreement on a standardised definition of earnings while too much is expected from a single figure.

NatWest also says professional investors should welcome FRS 3 as a chance to re-examine the tools of their trade.

Sales fall sees 3% slip at Macallan-Glenlivet

By Peggy Hollinger

MACALLAN-Glenlivet, the Scottish distiller, yesterday announced its first profits fall in 10 years with a 3 per cent decline at the pre-tax level to £7m for the 12 months to December 31. Sales were 4 per cent lower at £16.8m.

Mr Brian Cameron, company secretary, said the group had been hit by a decline in demand from blenders, who were cutting back on stock. Sales of blend whisky fell by 28 per cent and were expected to fall again in the current year.

Blenders were extremely cautious at the moment, Mr Cameron said, having suffered the consequences of a "whisky lake" in the 1980s. However, they had indicated that they expected an improvement in 1994. "We are reasonably confident it will pick up again," he said. Even at these depressed levels, blend sales were higher than the last downturn.

The squeeze in this part of the business was offset by an 11 per cent increase in volumes of The Macallan, the group's bottled brand.

Italy proved to be the most successful export market, with the US also showing year on year growth. About 80 per cent of Macallan's production is exported.

Mr Cameron said the devaluation of sterling might help foreign retailers to maintain prices, although all of the UK company's exports were paid for in sterling.

Sales in the UK had been flat.

During the year, Macallan spent £2.1m to promote The Macallan brand worldwide and £2.2m was budgeted for this year.

Sales of bottled whisky were expected to be more difficult in the current year, although the company intended to maintain production at similar levels.

The group's confidence of an eventual upturn was reflected in a higher final dividend of 0.615p, resulting in a 20 per cent increase in the total to 0.915p. Earnings per share were 4.45p (4.87p).

Hambro to sell Londonderry Hotel

By Maggie Urry

THE LONDONDERRY Hotel, the central London hotel which was being redeveloped by Brent Walker, the property and leisure group, has been put up for sale by Hambro Leasing, part of Hambros Bank. A guide price of £33m has been set.

Hambro Leasing bought the hotel in November 1989, arranging to lease it to Brent Walker. That company, which last year completed a financial restructuring, closed it for refurbishing in April 1991.

However, Brent Walker is understood to have decided that a sale of the hotel would not cover its leasing commitment and pulled out of the arrangement.

Brent Walker's liability to Hambro Leasing will be added to the group's general indebtedness. Hambro Leasing is thought to have other security on the hotel.

The sale of the hotel, situated on Park Lane, is being handled by Weatherall Green & Smith.

When Brent Walker publishes its accounts, probably in May, they are expected to show compensation for loss of office totalling some £1.5m. These cover a number of departures including Mr Ken Scobie, until January the group's chief executive, and Mrs Jean Walker, a former executive director of the group.

Mrs Walker, wife of Mr George Walker, the former chairman and chief executive, is understood to have received a package, including pension entitlements, of about £340,000.

Linread returns to black with £1.32m

By Paul Cheeseright, Midlands Correspondent

LINREAD, the Birmingham-based fasteners and precision components group, last year consolidated its financial position, with pre-tax profits of £1.32m, compared with losses of £2.2m.

With earnings per share for the 12 months to December 31 of 7.26p, contrasting with losses of 13.84p, the group is resuming what it called "a progressive dividend policy" and lifting its final to 2.25p. This brings the total for the year to 3.75p, against 3.5p which was paid from reserves.

Selling primarily in the aerospace and automotive markets, the group saw turnover slip from £39.7m to £37.8m. Sales were slightly lower to aerospace customers, where margins were lower, but higher on the automotive side, where they showed a small increase.

Under a new management team, Linread has over the last year driven towards greater productivity; the number of employees has been reduced 9 per cent to 755, but the average level of sales per employee has grown 20 per cent.

Borrowings have been restructured on to a longer term basis and gearing has been reduced from 59 per cent to 29 per cent.

Shake-up sees new chief at SelecTV

By Raymond Snoddy

SELECTV, the independent television production company, yesterday replaced Mr Michael Buckley as chairman following reports of a boardroom feud.

He will be replaced by Mr Peter Laister, a non-executive director, with immediate effect.

The company has a 15 per cent stake in Meridian, the company that replaced TVS as the ITV company for the south of England.

In a statement the company said the board was aware of a report in Sunday Times "relating to certain management issues and other matters concerning individual directors."

The report spoke of writs flying and a boardroom battle between Mr Buckley and Mr Alan McKeown, the managing director who runs the Los Angeles office.

SelecTV's solicitors, who were apparently not involved in the reported legal action, will now carry out a review of the matters concerned. The group promised a statement once the review has been completed.

There was controversy when as part of a rights issue four executive directors were offered options on 12m shares at 17p. The scheme was dropped after criticism from institutional shareholders.

Caverdale loss rises to £0.95m

Caverdale Group, the motor and engineering trade consumables group, fell further into the red in 1992 with a pre-tax loss of £950,000, against £244,000.

Mr Arild Nerdrum, chairman, said the results had been affected by charging £470,000 in goodwill which had been previously written off against reserves. Also, the incorporation of Caverdale Motor Holdings and the acquisition of the loss-making Dunham & Haines showed a combined pre-tax loss of £220,000.

Turnover was £12.9m (£10.3m) with acquisitions contributing £4.36m. Losses per share were 0.94p (1p).

Engineer on track with plans to reduce costs and restore profits

Lucas' £5.2m meets promise

By Paul Cheeseright, Midlands Correspondent

LUCAS INDUSTRIES, the international engineering group, yesterday delivered its promise of breaking even in the first half of its 1992-93 year.

Pre-tax profits amounted to £5.2m on turnover of £1.29bn for the six months to January 31, against £200,000, inflated to £90.2m from a contribution from the pension fund, on sales of £1.15bn last time.

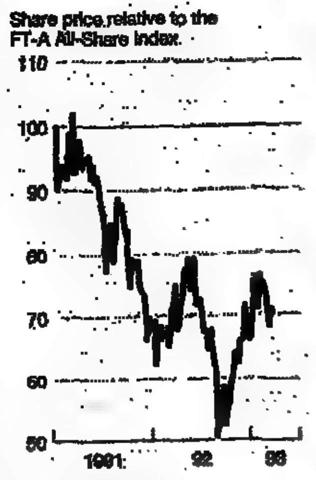
Sir Anthony Gill, chairman, said Lucas was "on track with its plans to reduce costs, restore profitability and improve cash generation" and, therefore, is maintaining the interim dividend at 2.1p.

Fully diluted earnings per share were 0.3p, against 10.3p if the pension fund contribution is taken into account or losses of 0.6p if it is not.

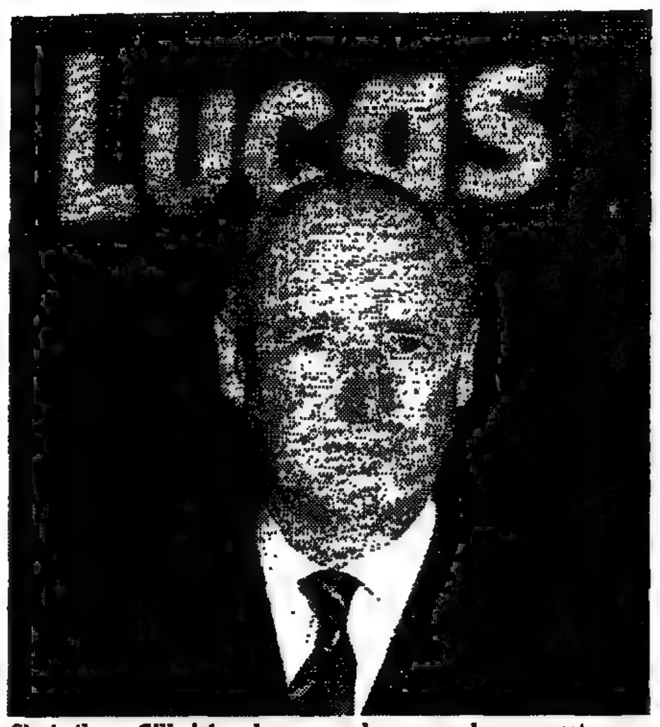
In a half year when the increase in total sales came largely from favourable translation of exchange rates, the brightest spot in the trading performance came from the automotive division: operating profits rose from £2.7m to £13.2m. In aerospace, however, there was a decline from £10.5m to £7.2m. Applied technology operating profits were marginally higher at £4.5m (£3.9m).

Lucas

Share price relative to the FT-A All-Share index



Source: FT Graphite



Sir Anthony Gill: delayed recovery dampens sales prospects

Margins have been wafer thin: 2.2 per cent in the aerospace division, down from 3.4 per cent; 1.7 per cent in the automotive division, up from 0.4 per cent; and 2.6 per cent in applied technology, up from 2.5 per cent.

Immediate market prospects are encouraging only in isolated parts of the business, like diesel engine injection systems.

"Delayed world economic recovery must inevitably dampen sales prospects for this year," said Sir Anthony.

This suggested that Lucas's aim of earning enough to pay covered dividends for this financial year – indicating annual pre-tax profits of some £75m – is dependent on the internal changes of its restructuring programme.

By the year end Lucas will have spent £53m of last year's £88.4m provision for restructuring. Annual costs of £85m have been taken out of the business.

The workforce will have been reduced to about 50,250 by 2,800 redundancies and the loss of a further 2,500 through divestments.

A new management structure is already in place, although the appointment of a *new chief executive is still* awaited.

● Lucas also announced that it had signed a contract with BMR Rolls-Royce to supply engine mounted accessory gear boxes for the BR700 series. The contract is worth about $100m (£70.4m). The group plans to dispose of two aerospace businesses in the UK – a switchgear and ignition plant in Coventry and a wiring systems plant in New-castle-under-Lyme.

See Lex

Computer People drops to £145,000

By Alan Cane

COMPUTER People, the London-based information technology consultancy, saw pre-tax profit plunge from £1m to £145,000 in 1992.

After a tax charge of £280,000 the group was forced into a loss of £135,000 (profit £758,000), or 0.97p per share (earnings 5.48p).

The final dividend is omitted, leaving the year's payment at 0.65p (5.4p). Mr Rupert Bayfield, chairman, explained that only a nominal amount could have been added to the interim, so it was believed better to employ the funds in the business.

Turnover was 7 per cent down at £62.7m (£67.7m). Operating profit fell to £495,000 (£1.22m) but interests payments came to £350,000, up 61 per cent on 1991. Gearing was 92 per cent (52 per cent).

The group started life as a computer recruitment agency and a recruitment service is still provided in the UK; the bulk of the business, however, involves supplying consultants in the US and UK.

The business has been hard hit by the recession in both markets; in 1989, for example, *pre-tax profits amounted to* £4.22m.

Mr Bayfield said the group returned to profitability in the *second half of 1992*. In the UK, which contributed 63 per cent of turnover, revenues were back to 1990 levels, but *competition and declining recruitment business* forced down profits.

In the US, the volume of *business was lower than in* earlier years but reduced overheads resulted in improved operating profits.

The high tax charge stemmed from the lack of a current tax benefit in the US on the interest on loans made *to the American subsidiary.*

Right people, right plan but at the wrong time

Neil Buckley on why Argos closed its furniture arm

ARGOS' recent decision to close its pilot Chesterman furniture was an unfortunate, if not unexpected, blow for the catalogue *retailer*, which has many admirers among the UK's shoppers and in the City of London.

On top of the £18.9m closure costs and losses last year, which pushed Argos' pre-tax profit down 15 per cent to £52.9m, Chesterman's demise was the more unfortunate because it was the retailer's first diversification away from catalogue showrooms since its demerger in 1990 from BAT Industries.

The Chesterman concept seemed very attractive when it was first researched at the tail end of the consumer spending boom in 1989. It involved out-of-town superstores of 30,000 to 40,000 sq ft, selling quality furniture to "empty nesters", parents aged 35 to 55 whose children were leaving home.

The project was also well-executed. Visitors to the four stores in Mill Hill in London, Chatham in Kent, Fareham in Hampshire and in Bristol, liked what they found, according to the company's research.

However, the timing was all wrong. After initial research, the project had to be put on hold when Sir James Goldsmith's Hoylake consortium *made its £13.3bn bid for BAT* Industries, then Argos's parent company, in 1989.

By the time BAT had demerged Argos *as part of its* bid defence, and the company was able to launch Chesterman, the UK retailing climate *had undergone what Mr Mike* Smith, Argos' chief executive, called a "fundamental sea change".

"*I can't fault the management* or staff involved in Chesterman," said Mr Bob Stewart, finance director. "The problems were *in building up* customer awareness, and that this area of up-market furniture has been one of the worst affected in the recession."

Timing has perhaps not been Argos' strong point. It emerged from what was the Green Shield trading stamp company in 1973 – just as the oil crisis, raging inflation and a downturn in *consumer* spending was making life very difficult for retailers.

But the instincts of Mr Richard Tompkins, *founder of the* Green Shield empire, proved correct. Argos began expanding rapidly from 1975 and by 1979, when ill *health forced* Mr Tompkins to sell the chain to BAT for £35m, it had 91 showrooms and a turnover of £113m.

Eleven years later, when Argos regained independence – now with 250 showrooms and £900m turnover – *the UK* was once more sliding into recession. Profits fell from £75.1m in 1990 to £62.1m last year.

This week's results, however, give grounds for optimism. Stripping out the Chesterman costs, pre-tax profits rose to *£71.8m, compared with a* restated £63.8m last year. Turnover topped £1bn for the first time.

It is not widely appreciated that Argos is the UK's leading retailer of small electrical *appliances*, as well as *sofa* beds, telephones and keep fit equipment. It occupies second place in jewellery and DIY *tools*.

Retailing analysts view the business as one with considerable underlying strength – *thanks to its success in keeping* costs down and introducing new systems, as well as its pre-eminent position in its market – and feel it is well-placed to benefit from any upturn in consumer spending.

Moreover, the business is far *from* mature. At present it has 302 stores, but has a "pragmatic" target of more than 500 stores in the UK, having identified 600 *potential sites*. At a rate of 20 or 25 new openings a year, the chain should be expanding well into the next decade.

Mr John Richards, stores analyst at NatWest Securities, believes an annual growth rate of 12 per cent at operating profits level is possible over the next five years.

But, however competent Argos is at running, and growing its core business, sooner or later it will need to diversify.

Mr Smith says important lessons have been learnt from Chesterman – that the gap between research and launching a new format has to be shortened, project fundamen*tals have to be constantly* re-examined, and future diversifications will have to be closer to Argos' core *areas of competence* and involve lower overheads.

Continental Europe is unlikely to see Argos catalogue *showrooms* opening in the near future, as, says Mr Smith, "The rules of the game there are difficult to understand, let alone *execute*." He also sees overseas acquisitions as highly risky, so the UK remains the likely area for diversification.

After the unhappy experience with Chesterman, however, it may be a year or two before Argos is prepared to put its head above the parapet again.

Arnotts halved

ARNOTTS, the Dublin-based department store company, reported halved pre-tax profits for the year January 31. High interest rates, the currency crisis and recession in the second half were blamed.

On turnover of I£43.1m (I£44.1m) pre-tax profits fell from I£4.22m to I£2.24m (£2.23m). Net interest rose to I£665,000 (I£360,000) reflecting higher interest and borrowings for the upgrading programme.

Earnings were 7.1p (14.1p) but the final is held at 5.25p for an unchanged total of 7.5p.

CrestaCare announces changes

By Maggie Urry

NEW INVESTORS and a new chief executive were announced *yesterday* by CrestaCare, the nursing home group currently withdrawing from its problematic property interests.

Mr Andrew Taee has become chief executive, replacing Mr John McAllister who resigned *with immediate effect*. Mr Taee arranged the purchase of a 24.04 per cent stake in the group from Asia Securities *International by a range* of institutions and private individuals at a price of *31½p. CrestaCare's shares* closed yesterday at 35p, up 4p.

The deal was completed on *Sunday, after Mr Taee flew to* Hong Kong *last* week to make Asia Securities an offer for the stake. No broker was involved. Asia Securities had built the stake over a number of years but following a change of ownership no longer found it an appropriate investment, *Mr* Taee said.

He said yesterday that Mr McAllister had done "an excel*lent job in cleaning up the bal*ance sheet and focusing the group on the healthcare sec*tor". Now, he said, he would* take the group on from there.

Mr Taee is chairman and a principal shareholder in *Grosvenor House Group, which* leases three nursing homes to CrestaCare. He also owns Premier Healthcare (UK), one of *the new investors in Cresta*Care with a 1.91 per cent stake.

Four institutions took the bulk of Asia Securities' stake, Schroder Investment *Management*, with 9.54 per cent, Gartmore Investment with 5.73 per cent, Morgan Grenfell Asset *Management* 3.81 per cent and Mercury Asset Management 1.91 per cent.

Correction

BNB Resources

BNB's core business is executive search, selection and recruitment advertising. It was incorrectly identified in last Friday's edition.

Edinburgh Fund Managers up 4.5%

By Philip Coggan, *Personal Finance Editor*

EDINBURGH FUND Managers announced a 4.5 per cent *increase in pre-tax profits from* £4.78m to £5m in the year to January 31.

Funds under management at *the group, which is 54 per cent* owned by British Investment Trust, rose from £1.91bn to £2.39bn. Part of that increase *was due to rising stock mar*kets; £254m of net new money was attracted during the year.

Since the end of January, *EFM has acquired Target Trust* Managers, with £110m under management. *Over the week*end, *EFM* Dragon, an invest*ment trust managed* by the group, announced that its bid for Drayton Asia, a trust with £125m of assets, had gone *unconditional*.

Private Fund Managers, the private client subsidiary, now has £235m under management *and made its first significant* profit contribution.

Operating profit rose to £3.87m (£3.21m). Earnings fell to 18.1p (18.6p). The final dividend is increased to 8.5p, making a total of 13.5p (13p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Aspen Comms § ......fin	2.9	June 18	2.2	4.9	4.9
Baird (Wm) ......int	5.35♠	Apr 5	5.35	8.9	8.9
Brown & Jackson ......fin	0.1	July 12	nil	0.1♥	0.1
Computer People ......fin	nil	-	3.3	0.65	5.4
Edinburgh Fund ......fin	8.5	May 14	8	13.5	13
Forth Ports ......fin	4.25	May 25	-	6.25	-
Hickson Intl ......fin	5.15†	June 14	5.15	8	8
Inchcape ......fin	[illegible]	July 2	7.5	13.75	12.5
Llanead ......fin	2.25	May 19	1.5	3.75	3.5
Lucas Inds ......int	2.1	July 1	2.1	-	7
Macallan-Glen ......fin	0.615	May 14	0.512	0.915	0.7626
Midlands Elect ......int	9‡‡	Apr 5	-	-	17.25
MY Holdings § ......int	0.25	May 20	0.25	-	1
Pearson ......fin	6.625	June 4	6.25*	12	11.625*
Perpetual ......int	1.8	Apr 5	1.2	-	4.8
Prowting ......int	1.7♠	Apr 5	3.3	3.4	5
Telegraph ......int	6.5♠	Apr 5	-	11	-
TR Far East Tst ......int	1.2‡	July 1	1.1	-	4.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♥For 15 months. ‡Second interim making 2.4p to date. ‡‡Second interim making 15.35p to date. ♠Second interim in lieu of final

OFT gives approval to ITN restructuring deal

By Raymond Snoddy

THE LAST significant barrier to the restructuring of Independent Television News was crossed yesterday when the Office of Fair Trading gave its approval to the deal.

The seven member consortium which will in future own *ITN* has also reached agreement in principle to buy its central London headquarters from Stanhope Properties in a deal worth £74m. *Losses* of £5m a year on the lease triggered the restructuring.

The offer for ITN is now expected to go unconditional tomorrow. It will mean that in future there will be seven shareholders instead of the present 15.

Carlton, Central, London Weekend Television, Granada and Reuters will each have 18 per cent and Scottish Television and Anglia 5 per cent apiece.

The three outgoing ITV companies, Thames, TVS and Television South West, were each offered £14 a share and the continuing ITV companies such as HTV and Yorkshire will only get par for their £1 shares.

COMPANY NEWS: UK

Fine chemicals business showed strongest advance

Hickson back in the black with £24.3m

By Peggy Hollinger

HICKSON International, the speciality chemicals company, returned to the black with pre-tax profits of £24.3m for the year to December 31, against losses of £4.5m.

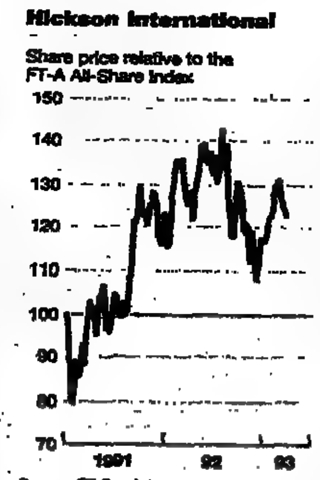
Sir Gordon Jones, chairman, said the company had spent the last year reorganising its businesses and strengthening management. "We now know what we are best at," he said.

Hickson had become "financially secure" following the £70m rights issue in 1991. Three acquisitions had been made, for a total of £34.5m, including the £24m purchase of PharmaChem in Ireland. This had given Hickson an important entry to the pharmaceuticals market, he said.

Sir Gordon was cautious about the short-term outlook, warning that economic downturn in Germany would affect profits there, and in the Netherlands and France. About 25 per cent of profits comes from mainland Europe.

However, the upturn in the US was expected to offset the European decline. The US and dollar dependent economies are responsible for some 40 per cent of profits.

The sharp turnround in pre-tax profits reflected the disposal of the floor coverings business in 1991, which had resulted in a £19.4m loss that year, and the absence of a £6.6m provision for environmental liabilities and potential litigation. Under the new accounting standards, these charges must be taken above the line.



Source: FT Graphite

Pre-tax profits from continuing operations were ahead 85 per cent at £29.2m. Sales for the group as a whole fell by 7 per cent to £342.5m, although on-going businesses showed an 11 per cent increase to £328.2m.

The final dividend is maintained at 5.15p, for a total of 8p. Earnings per share were 10.5p, partly helped by a lower tax charge, against losses of 6.7p. On a continuing operations basis, earnings per share rose from 6.1p to 12.7p.

Within the group's four divisions, fine chemicals showed the strongest increase with profits ahead 44 per cent to £15m. PharmaChem contributed £2.3m. The protection and coatings operation was hit by a sharp decline in Italy and fell 4 per cent to £9.9m. Performance products fell 12 per cent to £9m.

● COMMENT

The simplest guide to Hickson's performance might be the decision to maintain the final dividend. The company appears to have suffered a bit in the second half, particularly in Italy. Sir Gordon indicated yesterday that Hickson expected "relative stability and consolidation" in 1993, in spite of a US recovery. Nevertheless, there might be gains with the three acquisitions, especially PharmaChem. Forecasts are for an increase in pre-tax profits of continuing operations from £29.2m to £34.5m this year, after currency gains and organic growth. This leaves the shares up with the sector's rating of about 15 times. Hickson's attractions might become greater when economic recovery on both sides of the Atlantic begins to take shape.

Forth Ports higher at £10.9m

By Angus Foster

FORTH PORTS, the Scottish port operator which was privatised and floated last year, yesterday announced its first annual results and said trading was expected to be more difficult this year.

Pre-tax profits increased from £8.23m to £10.9m in the year to December 31. However, most of the rise stemmed from a £1.23m exceptional gain through the early repayment of government loans. This had previously been treated as extraordinary, but has been restated following the decision to adopt FRS 3.

Turnover was unchanged at £32.4m. Tonnage from British Pipe Coaters, one of the company's largest customers, fell by 30 per cent as North Sea orders for BPC's services declined. However, tonnage from containers and piped cargoes increased slightly and the company said grain and animal feed tonnage also increased.

Mr Hugh Thompson, chief executive, said BPC tonnage was likely to fall again this year, perhaps more sharply. He said Forth had been winning new business, but profits from new and enlarged contracts would not be reflected in this year's profits.

Operating profits increased from £7.5m to £9.98m. Forth also reported adjusted figures to exclude the exceptional profit and certain cash balances which reverted to the government following privatisation. On this adjusted basis, pre-tax profits increased from £6.2m to £8.7m.

Earnings were 23.8p or, on an adjusted basis, 17.5p. The final dividend is 4.85p to make 6.35p.

● COMMENT

Forth's share price of 335p has doubled in a year since the 115p flotation. This stems more from an undervalued offer price than enthusiasm about the company's trading conditions. Yesterday's results would have been flat without the accounting changes, and the outlook will remain lacklustre for at least another 12 months. As well as BPC, Forth reported little upturn in construction materials throughput, even against a poor 1991, and a Russian coal contract is likely to fall below forecast. However, the company should start to benefit from falling overheads – another 47 employees departed last year – and there could be good news on the Scottish Office property soon. Forecast profits of £7.5m put the shares on just under 15 times. Although Forth is an interesting smaller operator, it looks fully valued unless economic recovery is quicker than expected or the company pulls off a tidy acquisition.

Pearson beats forecasts with £151m

By Raymond Snoddy

PEARSON, the publishing, banking and industrial group which owns the Financial Times, announced pre-tax profits of £150.8m for the year to end-December, a fall of 16 per cent but significantly better than analysts' forecasts which ranged as low as £134m.

The result coupled with a proposed increase in the final dividend to 6.625p to give 12p (11.625p) boosted the shares by 27p to 404p. Earnings per share were 19.3p (24.7p).

Lord Blakenham, chairman, said that despite lower profits the company was starting to see benefits from a cost reduction programme which had included some 3,000 redundancies in just over two years. The average number of employees in 1992 was 26,000.

"We generated more cash than ever before, and held or increased our share of sales in many of our markets," he said.

Reporting under FRS 3, the 1991 pre-tax profit of £179.6m was boosted by a £33.2m gain on the sale of an associate. Interest payable fell to £13.6m (£19.6m).

Operating profit from continuing operations, at £155.6m, was down 11 per cent. The main reason was the collapse in operating profits of oil services from £34.7m to £500,000 on turnover down from £318.7m to £289.8m.

Mr David Veit, chief executive of the division, blamed a fall in gas prices and drilling activity. A total of $20m (£14m) was spent on redundancies and closures, and capital expenditure was cut from $42m to $24m. The division has been profitable so far this year.

Books were "the star performer", with operating profit up 35 per cent to £80.4m. Penguin profits doubled to £26.3m on record sales.

The Financial Times group increased profits by 5 per cent to £18.5m including contributions from foreign newspapers such as Les Echos, and the newspapers division overall made £31.1m, a 5 per cent improvement.

Mr Frank Barlow, chief operating officer, said that BSkyB was now making operating profits of more than £1m a week and the first return in the form of interest on loan stock is expected this year.

Investment banking showed a 9 per cent fall, with an operating profit of £23.7m. Profits from fine china fell by 39 per cent to £10.7m.

Lord Blakenham said Pearson was now "potentially very profitable" following cost-cutting and savings. "We have the capacity to respond to any upturn in demand without increasing costs. At the FT, for example, for every extra 100p of advertising revenue we add 75p goes to operating profit."

Mr Guy Lamming, media analyst at James Capel, described the results as "mixed".

"There is the feeling that they have scraped the bottom and things are looking up for the company."


Lord Blakenham: seeing benefits from cost cutting

Brown & Jackson recovers to £0.97m

By Paul Taylor

BROWN & JACKSON, the discount retailer which operates the Poundstretcher stores, yesterday reported continued progress in its three-year recovery programme.

The group, which has undergone a management shake-up and financial restructuring in the past year and has reverted to a December year-end, reported a pre-tax profit of £967,000 on turnover of £241.9m in the 15 months to December 31.

The profit came after a £961,000 exceptional charge incurred in connection with the financial reconstruction.

There were losses per share of 0.3p and a token final dividend of 0.1p is proposed.

To provide a basis for comparison the group, which has also adopted the new FRS 3 accounting standard, has produced figures for the 12 months to December 31.

In this period there was a pre-tax loss of £6.63m (£18.2m loss as restated) after net interest payments of £3.32m (£4.72m). Turnover fell to £187.3m (£201.9m) with continuing operations accounting for £165.6m (£176.3m).

Commenting on the results Mr Ian Gray, chief executive, said cash constraints early in the year and the subsequent financial reconstruction made the year particularly difficult. The goal in 1992, which was achieved, was to survive and build a foundation for the future.

Sales in the core 330 Poundstretcher stores fell 7 per cent, mainly reflecting the cash constraints until the £15.6m proceeds of the share placing and open offer were received in June. This depressed both sales volume and gross margins.

In the second half the new management team began to implement a series of measures to improve profitability including stock reduction, withdrawing from unprofitable product areas and holding price levels in the "patchy" market.

In the Christmas quarter, which traditionally accounts for most of the profits, sales were 8.3 per cent lower but the gross margin was the same as the previous year.

After peaking at £27m in February last year, the group's highly seasonal borrowings fell to £3.2m at year-end. Net borrowings of £9.9m (£22.5m) represented gearing of 52 (223) per cent.

Mr Gray and Mr Bob Ellis, finance director, noted that there had been some limited evidence of economic recovery with Poundstretcher sales running about 5½ per cent ahead of last year.

● COMMENT

After rescuing Brown & Jackson from the brink of receivership the new management is getting back to retailing basics. Management and merchandising systems have been introduced at Poundstretcher for the first time in order to leverage the group's aggregate 1.3m sq ft of retailing space. By the end of July all the stores will have electronic point of sale systems, stores are being refurbished and a new trading strategy is already in place. So far the results are on track and the signs are hopeful, but there is still much to do. Depending on the economy the group may manage little more than to break-even this year, but that would be no mean achievement. The stock has crawled back up to 15¼p from its low of 2¼p at the end of 1991.

Aspen improves to £1.83m

By Nathalie Lemoine

ASPEN Communications yesterday reported a 7.2 per cent increase in pre-tax profits to £1.83m for 1992, on turnover up 3.5 per cent at £60.3m.

The profit was struck after exceptional costs of £610,000 (£440,000) for bad debts and redundancies.

The marketing services division had another difficult year with a severe downturn in Paris, but added new contracts such as Saab's direct marketing worldwide.

The group started building higher margins activities, such as direct mail products and a magazine joint-venture with the Post Office aimed at older people, said Mr Henry Meakin, chairman. Supplying electronic inflight entertainment to British Airways is a sizeable development for the future, he added.

Gearing was down to 29.6 per cent at the year end, against 35.7 per cent in 1991.

The proposed final dividend is up by 33 per cent at 2.9p, for a maintained total of 4.9p payable from earnings per share of 8.6p (8p).

BM's share price continues to slide

By Jane Fuller

THE SHARE price of BM Group, the construction equipment group, fell another 5p to 42p yesterday after news emerged of mounting debts and losses.

The group is set to announce a survival plan, involving disposals to cut debt, alongside its half-year results. Its market value has fallen to about a tenth of last year's peak of nearly £460m.

Some editions of Saturday's Financial Times carried details of the group's worse-than-expected financial state. It is set to breach banking covenants on interest cover and gearing.

By June 30, net debt is expected to have doubled to more than £120m, resulting in gearing of more than 100 per cent.

Part of the equation is the slide in shareholders' funds from £171m last June to an estimated £120m.

This would follow 1992-93 pre-tax losses of about £30m, compared with last year's record £34.6m profit on sales of £519.5m. The main component is forecast to be exceptional costs of £40m to cover such things as restructuring and the disposal of loss-making businesses.

The balance sheet will also take in a write-down in the value of the pension fund, which had been subjected to some aggressive accounting.

The survival plan includes slimming down the group to leave turnover at less than £400m. Among the planned disposals to reduce debt is a 75 per cent stake in British Building and Engineering Appliances. The dividend is certain to be cut.

The share price collapsed last June after the resignation through ill health of Mr Roger Shute, its founding chairman.

A root-and-branch review of the formerly acquisitive group's operations has been carried out under Mr Moger Woolley, the new chairman, against the background of declining sales.

TR Far East Income

TR Far East Income Trust's net asset value at February 28 showed a gain of 67 per cent to 144p compared 86.5p a year earlier. Earnings per share for the six months declined to 2.2p, against 2.3p. The second interim is 1.2p.

NEWS DIGEST

Scottish Asian assets ahead 28%

SCOTTISH Asian Investment, managed by Murray Johnstone, reported net asset value per share increased by 28 per cent, from 687p to 882p, in the six months to January 31, helped by sterling's devaluation.

This, together with a continued narrowing of the discount to net asset value since the move onshore from Jersey early last year, resulted in the share price jumping by 41 per cent over the period, from 547p to 773p. The shares were unchanged yesterday at 896p.

Commenting upon the results directors said the period was notable "for the wide divergence of performance in Far East stock markets, most notably those of Hong Kong, South Korea and Thailand."

After changing its domicile the trust is now planning a 4-for-1 scrip issue to improve liquidity. The proposal will be discussed at an extraordinary meeting on May 4.

BAT chief sees pay rise to £980,679

Sir Patrick Sheehy's pay as chairman of BAT Industries rose from £638,416 to £980,679 in 1992, the annual accounts showed.

Of this, £356,250 was performance-related, against £57,970 last year. Total directors' emoluments were £6.4m (£4.6m), of which £2.1m (£900,000) was performance-related.

The group reported a 68 per cent advance in pre-tax profits to £1.65bn in 1992. Earnings more than doubled to 58.7p and the dividend was up 11 per cent at 37.2p.

Beales Hunter £1.5m purchase

Beales Hunter is extending its refrigeration business into southern England through the acquisition of the business and certain assets of JT Herbert, a refrigeration and mechanical business based in Kent, for a maximum £1.5m.

The initial consideration is £240,000 cash, and further payments depend on profits over the next three years.

GRE expands with £8m acquisition

Guardian Royal Exchange is paying £8m for the healthcare and personal lines insurance business of Orion Insurance. The vendor is Nationale-Nederlanden, the insurance arm of the International Nederlanden Group.

The operations have a combined premium income of more than £100m. The purchase does not include Orion's London market insurance business.

BET £8.5m disposal to Anglian Group

BET has sold New England Windows for £8.5m cash to Anglian Group.

New England is a specialist in the public sector replacement PVCu window and door market. The consideration includes a goodwill element of £6.25m.

In the year to March 28 1992 New England earned profits before interest and tax of £1.15m. It has factories in Basingstoke, Nottingham, Rochdale and Maesteg.

New rubber pact rejected by EC

By Kieran Cooke, in Kuala Lumpur

IN WHAT appears to be a head on clash between rubber producer and consumer countries, the European Community has said that it is unwilling to renegotiate a new International Natural Rubber Agreement (Inra).

The present Inra is the second and since pricing mechanisms for the natural rubber trade were set by by producer and consumer countries in the late 1970s. It expires at the end of this year.

Producers, upset by continued low prices, want consumer countries to negotiate a new pact. They set the end of March as a deadline for consuming countries to declare their willingness to negotiate a new agreement.

A statement yesterday from the European Commission in Brussels said that the EC saw no alternative but to vote against renegotiation of Inra.

It accused the rubber producing countries of failing to abide by price review provisions laid down in the existing pact.

It is not known what decisions on Inra have been taken by other big consumer countries, in particular the US and Japan. In the past the US has been unwilling to agree to any renegotiation of Inra.

Malaysia, Thailand and Indonesia account for nearly 80 per cent of world natural rubber production.

They – along with Sri Lanka and the Ivory Coast – are the producers involved in the Inra pact.

Earlier this year the Inra producers warned that if the consumers did not agree to renegotiate the organisation would collapse. Producers would then be forced to bring in their own pricing mechanisms.

EBRD in Russian gas study

By Leyla Boulton and John Lloyd in Moscow

THE EUROPEAN Bank for Reconstruction and Development is organising an $8m study for the rehabilitation of Russia's gas pipeline network to cut back on waste equivalent to Belgium's annual gas consumption.

Dr Mark Tomlinson, responsible for energy policy, said the study on combating leakages and low pressure accounting for the loss of 15 per cent of Russia's gas output would be followed by the awarding of contracts to fix the problems.

EBRD's board has already approved five loans in the oil and gas sector amounting to a total of Ecus352.8m ($419m), and is mobilising an additional Ecus647.8m in western private sector funds. But the money has yet to be disbursed.

Guarantees have yet to be worked out with the Russian authorities. In addition there has been the problem of the World Bank's "negative pledge" requirement not allowing Russia to pledge resources as collateral to any institution except itself.

Saying rapid action was necessary to support Russian reformers, Mr Jacques Attali, the EBRD's president, told a news conference in Moscow that he hoped the negative pledge question would be sorted out with the World Bank in the next few weeks.

Mr Ron Freeman, the bank's first vice-president, said there were also outstanding problems over Russia's legal and tax regimes which needed to be sorted out to attract foreign investment.

He said that Mr Boris Fyodorov, the deputy prime minister for economics and finance, was talking to western oil companies in Moscow in order to try and remove those obstacles to reviving the sector.

The five loans include a project with Conoco in Russia's constituent Komi republic, and another with the US oil company Anderson and Japan's Itochu.

Mines give way to condominiums

Kieran Cooke on why one Malaysia's tin industry has been in steep decline

ON THE outskirts of Kuala Lumpur a condominium project called "The Mines" is nearing completion.

The site was once one of the area's biggest tin mines. Malaysia's tin mining industry – once a vital part of the economy – is rapidly disappearing. These days mine owners find real estate development far more lucrative.

Last year Malaysia's production of tin-in-concentrates was 14,339 tonnes, down from 20,710 tonnes a year earlier. The 1992 production figure was well below the figure earlier estimated by the Ministry of Finance (18,000 tonnes), indicating that the decline of the industry has been a good deal faster than expected.

Rising production costs and the depletion of high grade tin reserves have contributed to the fall-off in production. But low prices on the international market are the key factor.

In 1981 Malaysia was earning between between M$32 (US$12) and M$34 per kg for its tin on the international market. Prices now seem stubbornly stuck round the M$14 mark. Malaysia's average production costs are estimated at M$16 per kg.

Mr Hew See Tong, president of the All Malaya Chinese Mining Association, says production is likely to fall further. "The industry is doomed if current prices and demand continue. Many miners will not be able to sustain operations."

Malaysia's economy grew by more than 8 per cent in each of the last five years. Labour shortages and consequent rising wages are forcing more and more mines to close. In 1990 there were 141 tin mines in Malaysia. Now there are less than half that number.

Tin mining has been going on in one form or another in Malaysia for centuries. Until recently, the country was the world's premier producer. In the mid-19th century large tracts of land were given over to tin concessions. Chinese immigrants flooded in to work the mines. By 1900, Malaya – as it was then – was producing 50,000 tonnes of tin each year, more than half the world's output.

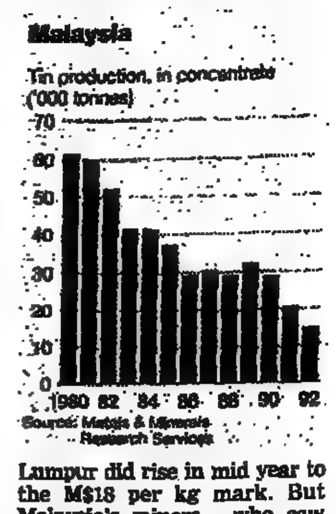
In the 1960s annual production was up to between 60,000 and 70,000 tonnes. In 1913 there were 200,000 employed in the tin industry. In 1980 the number had declined to 39,000. Now only about 4,000 work in the tin mines.

The critical year for the worldwide tin industry was 1985 when the international tin council's buffer stock operations collapsed and more than 100,000 tonnes of stockpiled tin was released on to the market. Prices went through the floor and tin mining operations round the world – particularly those involved in high cost hard rock mining – were forced to close down.

Some low labour cost countries – notably Brazil, China and Indonesia – encouraged by the high pre-1985 prices, had raised output. All three are now bigger producers than Malaysia.

Quotas on tin exports introduced by the Association of Tin Producing Countries (ATPC), do not seem to have had much effect on international pricing. The ATPC links Australia, Bolivia, Indonesia, Malaysia, Nigeria, Thailand and Zaire, countries which together account for about 60 per cent of world production. But Brazil and China are not members.

Hopes for a tin market revival in 1992 proved to be ill-founded. Prices in Kuala



Lumpur did rise in mid year to the M$18 per kg mark. But Malaysia's miners – who saw more lucrative investment opportunities in other sectors of the economy – did not rush to re-open mines. Their caution was justified. The price quickly dropped back to under M$13 per kg by the end of the year.

Increased tin sales by China was one cause for the price decline. There was also nervousness about plans by the US Defence Logistics Agency (DLA) to sell some of its substantial tin stockpile.

Malaysia's problems were further compounded by the strengthening of the Malaysian dollar against the US currency which caused local tin prices to be at a premium compared to the price on the London Metal Exchange. In consequence, foreign buyers tended to stay away from Kuala Lumpur.

There are some brave miners who are determined to carry on one of Malaysia's oldest industries. One of the country's most extensive mines, Sungei Lembing in Pahang on peninsula Malaysia's east coast, has been reopened.

But many others have turned their backs on the industry. The Berjuntai company, once Malaysia's biggest tin mining operator, is now planning to diversify into brick manufacturing.

Meanwhile miners watch their industry disappear – with mining sites turned into condominiums for Malaysia's newly affluent.

Comex open to any rescue bid approach

By Laurie Morse in Chicago

THE SEARCH by the New York Commodity Exchange (Comex) for a white knight to help shore up its flagging business has taken a new turn. It is now ready to entertain all offers in what appears to be a tactic aimed at forcing the Chicago Board of Trade to sweeten its takeover bid.

Executives of the CBOT, the world's largest futures exchange, and the Comex, the largest US metals market, surprised everyone, including most of their members, when they announced merger plans in January.

Since then, negotiations have taken a sour turn with some Comex members seeking to oust their chairman Donna Redel, the plan's main proponent.

Comex negotiators are frustrated by the CBOT's staunch refusal to allow Comex members access to the CBOT's popular grain and financial contracts.

The CBOT has proposed buying out the metals exchange with the future stream of Comex profits – an essentially riskless transaction – and keeping the two exchanges' product lines and memberships distinct.

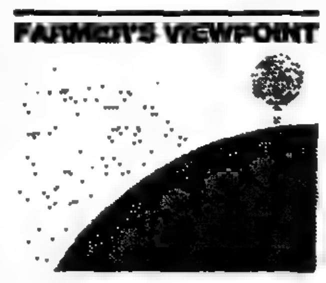
Last week the committee hammering out the details of the plan waived its exclusivity clause, allowing Comex to address other offers.

At nearly the same time, the embattled Ms Redel stepped down as chief negotiator of the CBOT-Comex deal, while retaining her duties as exchange chair.

The move may diffuse membership dissent against Ms Redel, while allowing her to step back from the CBOT alliance to weigh other offers.

Salesmen can still give value for money

Provision of expert advice is a way for representatives to win friends and business



By David Richardson

I HAVE always had some sympathy with the farmer who erected the sign at his gate saying: "We shoot every third salesman. The second has just left."

It was, of course, a humorous way of informing representatives passing by that the farmer had no wish to talk to casual callers who would merely waste his valuable time. It implied that there was no chance of a stranger drumming up new business because committed relationships with existing suppliers were already in place.

Another sign which can still be seen on many farm gates reads: "Representatives by appointment only". In practice, these days not many try the cold call approach. Their more professional attitude is without doubt one of the results of the decline in farm profitability and, with it, harder times for those who supply the industry's requisites. There are far fewer people trying to sell to the farming industry than there were. Each of them has to plan his or her activities more carefully.

It has been estimated that there are 9,000-10,000 agricultural representatives on the road at present – about half the number 20 years ago and one-third of those years ago. Nevertheless, their cost to the industry, including pensions and cars, is put at £350m a year. One way or another, this ultimately has to come out of farmers' pockets.

Not all salesmen are a drain on agriculture. The best and most successful have always helped and advised their clients. Moreover, if a person trying to sell animal feed were unable to give sound nutritional advice, or an agricultural chemical representative could not recognise weeds and plant diseases before recommending products to deal with them effectively, they would make few sales. A salesman must add value as well as shift product.

There is, however, no widely recognised assessment of competence nor a generally accepted training procedure. Achievements are normally measured only by the quantity of sales made which, on the face of it, is the most important measurement of performance in the short term.

Those salesmen who are particularly successful can usually only progress through their company's hierarchy and salary scale by *leaving the job* they are probably best at and going into management. All too often companies lose a good salesmen and gain a mediocre manager.

With 350 salespeople on the road, Dalgety, the UK's biggest independent supplier of the complete range of farmers' requirements, is more aware than most companies of the inadequacies of traditional management and motivation of sales forces. It has, therefore, decided to develop its own training and certification *scheme for salespeople.*

To increase the value and significance of the scheme Dalgety approached Oxford Assessment, an independent department of the University of Oxford, to help produce appropriate training and appraisal procedures for each sector of their business.

Dalgety and Oxford Assessment believe that this is the first UK agricultural supply company to develop standards for its sales force and have them independently evaluated.

Fifty Dalgety representatives are so far reported to have embarked on the scheme, encouraged no doubt by the promise of higher salaries and bigger perks on successful completion. But the benefits do not stop there, according to Mr Don Phillips, the company's sales and marketing director.

*He claims that his sales*people are showing signs of greater job satisfaction because their competence is being recognised by factors other than just sales turnover. He is convinced this will lead to better penetration of the market and bigger sales for Dalgety – both of which he regards as are vital to his company's future prosperity.

Mr Phillips predicts that British agriculture will soon be unable to support even the present depleted number of salesmen serving it and that half the jobs which exist today will disappear over the next few years.

Free advice for farmers is becoming a rarity as even the government's previously complementary advisory service goes commercial and the Dalgety initiative is therefore timely.

Many farmers are having to do an increasing amount of the physical work on their holdings themselves, often single-handedly, and simply do not have the time or the energy to keep fully up to date with the mass of EC regulations and new technical information affecting their livelihood.

Any salesman who can short circuit and interpret some of the paperwork helping his customers to stay the right side of both the law and the subsidy maze of the Common Agricultural Policy, while producing better crops or livestock will be welcome on many farms. Supplies purchased from the same salesmen will cost a little extra. But I would be surprised if other supply companies did not think it worthwhile to follow Dalgety's lead.

As farmers' lives become steadily more complicated and specialised knowledge becomes more vital, as other sources of information dry up, many farmers are looking for expert advice.

The fact that help from a supplier may not always be entirely independent will be overlooked if the quality of the counsel is basically sound. Even farmers know there is no such thing as a free lunch.

PNG accuses CRA mining group

Kevin Brown in Sydney

PAPUA NEW GUINEA (PNG) yesterday accused CRA, the Australian mining group, of acting provocatively by withdrawing staff from its Mount Kare alluvial gold mine in the isolated highlands area.

CRA, a 49 per cent subsidiary of RTZ of the UK, evacuated its 15 remaining staff from the mine on Sunday, claiming that threats of violence had been made by armed local landowners.

Operations were suspended last month for the third time since production began in 1990. CRA says the mine has been attacked three times by landowners, some armed with rifles and shotguns.

However, Mr Masket Iangalio, mining minister, said the withdrawal followed a dispute over an outstanding debt between CRA and the receiver manager of the landowners' company, Kare-Puga Development Corporation (KDC).

"I have been advised that no landowners have entered the [mine] campsite and no property has been damaged, and that law and order is being maintained," Mr Iangalio said in a statement released in Port Moresby.

WORLD COMMODITIES PRICES

MARKET REPORT

London's robusta **COFFEE** fell steadily in the morning after opening down as expected against New York, which fell steeply on Friday.

When the New York market again found the going sticky on its opening yesterday, London's May contract briefly tested a new recent low at $870 a tonne before retrieving $872 per tonne – its bottom of two weeks ago. There was some confusion over the likely impact of any failure of the ICO talks on a new international coffee pact, due to finish tomorrow, to reach agreement.

Base metals edged away from earlier lows during afternoon LME trading, although prices mostly closed lower, reflecting overall depressed sentiment. Dealers said three-month **COPPER** continued to hold just above $2,160 a tonne, but was loth to push much higher, following Friday's technical breakdown.

News that mining sources in Zaire expect the country's 1993 copper output to fall to 80,000 tonnes, compared with Gecamines earlier forecasts of 150,000 tonnes, had little impact as European traders are used to irregular supplies from Zaire.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(May)		+ or -
Dubai	$16.32-6.36u	+0.09
Brent Blend (dated)	$18.60-8.64u	+0.05
Brent Blend (May)	$18.82-8.86	+0.09
W.T.I (1 pm est)	$20.44-0.46u	+.065
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$203-204	+1
Gas Oil	$177-178	+1
Heavy Fuel Oil	$76-77	
Naphtha	$174-176	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$331.85	-0.60
Silver (per troy oz)♣	373.5c	+1.5
Platinum (per troy oz)	$356.35	-0.25
Palladium (per troy oz)	$109.50	+0.75
Copper (US Producer)	101.5c	
Lead (US Producer)	34.625c	+.125
Tin (Kuala Lumpur market)	14.50r	-0.27
Tin (New York)	261.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	132.16p	-0.44*
Sheep (live weight)†♠	132.58p	+6.90*
Pigs (live weight)†	91.00p	+0.40*
London daily sugar (raw)	$269.90	+2.6
London daily sugar (white)	$298.90	+2.4
Tate and Lyle export price	£307.00	+1.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£171.00	
Wheat (US Dark Northern)	Unq	
Rubber (May)♥	61.75p	-0.5
Rubber (Jun)♥	62.25p	-0.5
Rubber (KL RSS No 1 Apr)	216.5m	-1.5
Coconut oil (Philippines)§	$405.0y	-7.5
Palm Oil (Malaysian)§	$416x	-7.5
Copra (Philippines)§	Unq	
Soyabeans (US)	£179.0	+1
Cotton "A" Index	60.90c	+0.05
Wooltops (64s Super)	366p	-2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-May/Jun u-May. x-Apr. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices * change from a week ago. provisional prices.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
May	257.00		256.00
Aug	266.60	268.60	265.40
Oct	245.60	246.60	244.80
White	Close	Previous	High/Low
May	304.00	301.50	303.50 300.00
Aug	308.00	305.50	309.00 303.50
Oct	290.50	290.50	283.00 287.50
Mar	286.00	286.00	284.00

Turnover: Raw 11 (189) lots of 50 tonnes. White 857 (1224) Paris- White (FFr per tonne): May 1674.64 Aug 1724.31

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
May	18.83	18.75	18.88 18.63
Jun	18.92	18.83	18.98 18.72
Jul	18.89	18.81	18.92 18.69
Aug	18.91	18.82	18.91 18.71
Oct	18.79	18.84	18.79
IPE Index	18.75	18.70	

Turnover 15171 (22844)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Apr	174.75	173.50	174.75 173.00
May	173.00	171.50	173.00 171.25
Jun	172.25	170.75	172.25 171.00
Jul	172.25	172.25	173.25 172.25
Aug	175.25	174.00	175.00 174.00
Sep	177.00	176.00	176.00

Turnover 3582 (11356) lots of 100 tonnes

TEA

Demand was fair at easier rates, reports the Tea Brokers' Association. Landed: a few bright and coloury east Africans remained firm but the majority, which were light liquoring, lost 5-10p with some withdrawals. Offshore: fair competition with prices 2-3p lower. The highest price realised this week was 186p for a Rwanda pd. Quotations: quality 150p, good medium 130p, medium 122p, low medium 96p.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Mar	685	677	682 680
May	693	687	694 687
Jul	704	699	705 700
Sep	717	713	718 713
Dec	735	733	736 730
Mar	756	752	753 750

Turnover: 1221 (2543) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 26 702.37 (709.37) 10 day average for Mar 29 706.98 (704.98)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Mar	910	920	905 903
May	873	880	877 870
Jul	844	858	848 840
Sep	855	868	860 855
Nov	870	882	874 870
Jan	882	893	886 882

Turnover:2602 (2075) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 26: Comp. daily 53.04 (54.46) 15 day average 54.70 (54.95)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	42.0	42.5	43.5 42.0
May	43.0	43.8	43.5

Turnover 172 (148) lots of 20 tonnes.

SOYABEAN MEAL – London FOX			£/tonne
	Close	Previous	High/Low
Jun	140.00	140.20	

Turnover 0 (25) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Apr	1465	1475	1480 1462
May	1430	1424	1435 1420
Jul	1275	1270	1280 1275
BFI	1501	1500	

Turnover 84 (137)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
May	143.80	143.50	143.80 143.50
Barley	Close	Previous	High/Low
Sep	108.75	108.75	

Turnover: Wheat 31 (160), Barley 0 (28).
Turnover lots of 100 Tonnes.

PIGS – London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
Jul	106.0	106.0	105.0
Sep	104.0	103.5	102.0
Oct	104.0	104.0	102.0
Nov	104.0	104.0	102.0

Turnover:38 (85) lots of 3,250 kg

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
(Prices supplied by Amalgamated Metal Trading)						
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 18,802 lots
Cash	1137.5-8.5	1139.5-40.5		1140-1		
3 months	1161-1.5	1163-64	1169/1160	1163.5-4.0	1160-0.5	158,950 lots
Copper, Grade A (£ per tonne)						Total daily turnover 54,853 lots
Cash	1434-6	1441-45	1455/1432	1432-2.5		
3 months	1460-1	1464-66	1463/1458	1458-8.5	1459-9.5	166,227 lots
Lead (£ per tonne)						Total daily turnover 3,056 lots
Cash	272.5-4.5	269.5-70	273.5	273.5-4.0		
3 months	[illegible]	279-79.25	[illegible]	283-3.25	282.5-3	20,968 lots
Nickel ($ per tonne)						Total daily turnover 4,796 lots
Cash	6020-5	6090-100	6010/6000	6000-5		
3 months	6100-5	6160-70	6120/6075	6070-5	6105-10	42,098 lots
Tin ($ per tonne)						Total daily turnover 1,162 lots
Cash	5620-30	5675-85		5620-5		
3 months	5685-90	5735-45	5720/5685	5685-6	5680-5	9,162 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,876 lots
Cash	987-8	991-92	987.5/987	987-7.5		
3 months	1007-7.5	1011-11.5	1010/1004	1007-7.5	1009-10	88,378 lots

LME Closing £/$ rate: SPOT: 1.4910 | 3 months: 1.4812 | 6 months: 1.4741 | 9 months: 1.4686

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	331.70-332.00	
Opening	331.80-332.10	
Morning fix	331.60	222.146
Afternoon fix	331.70	222.384
Day's high	332.00-332.30	
Day's low	331.30-331.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.57	6 months	2.47
2 months	2.53	12 months	2.49
3 months	2.51		

Silver fix	p/troy oz	US cts equiv
Spot	248.35	370.40
3 months	251.90	373.20
6 months	255.35	376.15
12 months	262.05	382.60

GOLD COINS	$ price	£ equivalent
Krugerrand	331.50-334.50	222.00-224.00
Maple leaf	342.15-344.35	–
New Sovereign	79.00-83.00	53.00-55.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Apr	Jul	Apr	Jul
1135	20	51	3	11
1160	5	35	11	20
1175	3	28	22	32
Copper (Grade A)	Calls		Puts	
2100	47	89	3	24
2150	14	58	20	43
2200	3	36	58	70
Coffee	May	Jul	May	Jul
850	36	38	15	45
900	18	22	45	78
950	7	12	84	116
Cocoa	May	Jul	May	Jul
725	6	27	38	48
750	2	20	59	66
775	1	14	83	85
Brent Crude	May	Jun	May	Jun
1850			18	38
1900	20	42	48	
1950	8	25	88	

New York

GOLD 100 troy oz.; $/troy oz.				
	Latest	Previous	High/Low	
Mar	331.3	332.4	331.3	331.3
Apr	332.0	332.5	332.5	331.2
May	333.6	333.5	0	0
Jun	333.7	334.2	334.3	332.8
Aug	335.1	335.5	335.6	334.5
Oct	336.7	337.0	336.7	336.4
Dec	338.0	338.5	338.5	337.5
Feb	340.0	340.1	340.0	340.0
Apr	341.3	341.7	341.3	341.3

PLATINUM 50 troy oz; $/troy oz.				
	Latest	Previous	High/Low	
Apr	357.5	356.6	358.0	355.5
Jul	357.0	355.3	357.0	355.0
Oct	356.5	354.3	356.5	354.8
Jan	354.5	353.8	355.5	353.5

SILVER 5,000 troy oz; cents/troy oz.				
	Latest	Previous	High/Low	
Mar	371.9	371.9	0	0
Apr	372.3	372.3	0	0
May	373.0	373.2	375.5	370.0
Jul	377.5	375.7	378.0	372.8
Sep	380.0	378.1	380.0	375.5
Dec	383.0	381.7	383.5	379.0
Jan	382.1	382.1	0	0
Mar	386.0	385.5	386.0	386.0
May	388.0	388.0	0	0
Jul	390.7	390.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Latest	Previous	High/Low	
Mar	95.40	95.60	95.80	95.30
Apr	95.45	95.65	95.55	95.40
May	95.80	96.05	96.25	95.70
Jun	96.20	96.40	96.20	96.20
Jul	96.70	96.80	96.95	96.55
Aug	97.15	97.15	0	0
Sep	97.55	97.50	97.65	97.45
Oct	97.65	97.65	0	0
Nov	97.90	97.90	0	0
Dec	98.30	98.25	98.40	98.30

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
May	20.48	20.41	20.65	20.35
Jun	20.56	20.51	20.67	20.37
Jul	20.61	20.53	20.70	20.42
Aug	20.58	20.55	20.64	20.42
Sep	20.61	20.53	20.63	20.49
Oct	20.67	20.51	20.62	20.57
Nov	20.60	20.49	20.56	20.55
Dec	20.64	20.47	20.57	20.44
Jan	20.62	20.44	20.64	20.48
Feb	20.61	20.41	20.68	20.45

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Apr	57.78	57.67	58.10	57.23
May	56.90	56.63	57.20	56.20
Jun	56.20	56.03	56.40	55.70
Jul	56.25	56.08	56.35	55.85
Aug	56.85	56.63	56.85	56.40
Sep	57.80	57.61	57.80	57.80
Oct	58.85	58.61	58.55	58.55
Nov	59.80	59.51	0	0
Dec	60.50	60.39	60.65	60.40
Jan	60.78	60.78	0	0

COCOA 10 tonnes;$/tonnes				
	Latest	Previous	High/Low	
May	893	897	910	890
Jul	921	923	936	918
Sep	942	950	957	942
Dec	965	980	0	0
Mar	1015	1013	0	0
May	1035	1035	0	0
Jul	1055	1056	0	0
Sep	1075	1077	0	0
Dec	1114	1107	1114	1114

COFFEE "C" 37,500lbs; cents/lbs				
	Latest	Previous	High/Low	
May	57.10	58.55	58.90	56.55
Jul	58.80	60.70	60.70	58.25
Sep	60.75	62.70	62.60	60.20
Dec	63.15	65.15	65.20	62.80
Mar	65.50	67.55	67.00	65.30
May	67.50	69.25	68.05	67.50
Jul	69.90	70.50	69.90	69.80

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Latest	Previous	High/Low	
May	12.04	11.85	12.08	11.73
Jul	12.44	12.25	12.48	12.16
Oct	11.68	11.60	11.70	11.54
Mar	10.88	10.76	10.92	10.78
May	10.85	10.73	10.85	10.82
Jul	10.78	10.75	0	0

COTTON 50,000; cents/lbs				
	Latest	Previous	High/Low	
May	61.47	61.05	61.65	61.20
Jul	62.40	62.05	62.58	62.13
Oct	62.20	62.00	62.40	62.20
Dec	61.40	60.90	61.40	61.25
Mar	62.35	61.90	62.35	62.25
May	62.80	62.46	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Latest	Previous	High/Low	
May	84.60	84.15	85.10	83.15
Jul	87.80	87.35	88.30	86.35
Sep	90.40	90.35	90.75	89.00
Nov	93.00	92.00	93.25	93.25
Jan	95.90	94.80	95.90	94.75
Mar	99.00	97.80	98.50	98.00

INDICES

REUTERS (Base:September 18 1931 = 100)			
Mar.29	Mar.26	mnth ago	yr ago
1729.4	1744.4	1772.3	1603.9

DOW JONES (Base: Dec. 31 1974 = 100)				
	Mar.26	Mar.25	mnth ago	yr ago
Spot	126.91	126.74	125.02	117.51
Futures	127.80	128.73	124.71	121.35

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Latest	Previous	High/Low	
May	588/6	587/4	591/2	587/4
Jul	593/6	592/6	596/2	592/4
Aug	596/4	595/4	598/4	595/2
Sep	597/4	596/4	599/6	596/2
Nov	602/0	601/2	604/4	600/4
Jan	609/6	608/6	611/0	608/0
Mar	617/4	615/2	618/0	615/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Latest	Previous	High/Low	
May	20.89	20.86	21.00	20.80
Jul	21.17	21.16	21.27	21.06
Aug	21.28	21.21	21.35	21.21
Sep	21.38	21.28	21.43	21.32
Oct	21.46	21.47	21.55	21.40
Dec	21.62	21.64	21.73	21.53
Jan	21.70	21.70	0	0
Mar	21.85	21.90	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Latest	Previous	High/Low	
May	185.8	185.8	186.5	185.4
Jul	186.8	186.9	187.5	186.4
Aug	187.7	187.6	188.2	187.3
Sep	188.7	188.6	189.0	188.3
Oct	189.5	189.5	189.9	189.2
Dec	191.6	191.7	192.5	191.5
Jan	192.3	191.7	192.3	192.3
Mar	193.0	192.1	193.0	193.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Latest	Previous	High/Low	
May	229/6	228/6	230/4	228/2
Jul	236/2	235/2	236/6	234/4
Sep	240/0	239/2	240/2	238/6
Dec	245/2	245/0	245/6	244/0
Mar	251/6	252/0	252/2	250/6

WHEAT 5,000 bu min; cents/60lb-bushel				
	Latest	Previous	High/Low	
May	341/4	342/4	344/6	340/4
Jul	305/4	304/2	307/4	305/0
Sep	308/2	306/6	310/2	307/4
Dec	318/4	315/6	319/4	317/0
Mar	322/0	320/0	322/0	322/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Latest	Previous	High/Low	
Apr	82.575	82.625	82.850	82.025
Jun	76.900	76.825	77.250	76.350
Aug	73.400	73.400	73.700	72.950
Oct	73.550	73.325	73.825	73.100
Dec	73.500	73.450	73.800	73.100
Feb	73.150	72.900	73.300	72.650

LIVE HOGS 40,000 lb; cents/lbs				
	Latest	Previous	High/Low	
Apr	49.325	50.600	49.850	49.100
Jun	54.800	55.975	55.100	54.475
Jul	52.425	53.500	53.050	52.000
Aug	49.900	50.750	50.300	49.250
Oct	44.500	45.200	44.650	43.700
Dec	44.750	45.275	44.850	44.000
Feb	44.500	45.250	44.500	44.500

PORK BELLIES 40,000 lbs; cents/lb				
	Latest	Previous	High/Low	
May	48.850	50.850	48.850	48.850
Jul	50.100	52.100	50.100	50.100
Aug	47.800	49.800	47.800	47.800
Feb	46.225	48.225	46.225	46.225
Mar	45.700	47.700	45.700	45.700

FINANCIAL TIMES SURVEY

REPUBLIC OF SLOVENIA

Tuesday March 30 1993

Though the country has suffered economically from the disintegration of Yugoslavia and the war in the Balkans, independence has given its 2m inhabitants the opportunity to build an open market economy and democratic institutions, writes Anthony Robinson

The Balkans' lucky ones

SLOVENES always had at least as much in common with their Alpine neighbours as with their Balkan partners in the former Yugoslavia. Since Slovenia's declaration of independence in June 1991, the gap between the peaceful, ethnically homogeneous new republic of 2m people and the war-impoverished rest of former Yugoslavia has widened inexorably.

"We have been very lucky," says President Milan Kucan, the wily former communist who led Slovenia's drive for independence from the Serb-dominated federation. But he, like Mr Janez Drnovsek, the prime minister of Slovenia's three-pronged coalition government, makes clear that Slovenia suffers economically from the disintegration of Yugoslavia and would be one of the principal gainers from a resolution of the bloody Balkan imbroglio.

"Slovenia's southern border with Croatia has become the border between peace and war in Europe," Mr Kucan declares.

A glance at the map shows what he means. At its narrowest point, only a 46 km-long strip of Slovenian coastline separates Italy from the rest of former Yugoslavia. Austria is insulated from the war-torn regions of Croatia and Bosnia-Herzegovina, both once ruled by the Austrian Habsburgs, thanks to its own 324 km-long border with Slovenia.

But Slovenia would hate to be perceived merely as a convenient *cordon sanitaire*. The new Karavanke road tunnel beneath the Alps, completed just before the 10-day war between Slovenia and the Yugoslav army which immediately followed independence, has underlined Slovenia's traditional importance as a transit route.

The railways and the motorway leading south through the capital Ljubljana to the Slovenian port of Koper and its Italian neighbour Trieste carry freight and travellers heading to and from central Europe and the Adriatic sea. The highway is also thick with aid trucks and an ever-decreasing volume of "normal" cargoes moving south-east towards Croatia.

Independence has, above all, brought peace to Slovenia and left it free to implement the kind of rational market reforms and privatisation policies which remain blocked in the republics absorbed and impoverished by war further south.

Economists, however, are quick to point out that independence has its costs. Slovenia, with its self-contained infrastructure and proximity to western markets, was always by far the richest republic of the former federation. Its per capita GDP of around $6,000 was three times higher than that of Serbia and five times that of Kosovo, the poorest region of the former Yugoslavia.

Slovenia has always had a strong tourism industry of its own. But it also benefited from the overnight stays of foreign tourists heading further south to Croatia's Dalmatian coast. Now the once-thriving seaside hotels are filled with disconsolate refugees and Croatia's main source of hard currency income has disappeared. So have the transit tourists through Slovenia.

Above all, Slovene enterprises were able to build up exports to the rest of Europe, thanks to the volume of sales they were able to make in Yugoslavia which virtually gave them a 22m strong domestic market.

The UN embargo on trade with Serbia means both the loss of the largest of the former Yugoslav markets and an end to cheap Serbian raw materials and other inputs. These helped restrain costs and improve competitiveness in more demanding hard currency markets. Now Slovenia has to lower real wages and increase productivity in order to compensate.

On the positive side of the balance sheet, however, the end of the federal state means that Slovenia no longer has to contribute over $1bn a year to finance the bloated Yugoslav army or see its hard currency deposits "frozen" by the National Bank of Yugoslavia, as happened before independence.

Relations with Croatia, Slovenia's southern neighbour, are generally good but they are complicated by three contentious issues.

The first of these is the border itself, which is disputed in parts. The second issue contains Croatia's share of the running costs of the Krsko nuclear plant on Slovenian territory. The plant was built and financed jointly to supply electricity to both republics but financially hard-pressed Croatia is now reluctant to pay its share of the running costs. The third outstanding issue concerns compensation for the assets of Ljubljanska Banka in Croatia.

There is no nostalgia for the old Yugoslavia, which Slovenes tried without success to transform into a looser confederal structure. But a mixture of compassion for the suffering of their fellow southern Slavs and economic loss ensures that the Slovene authorities, while categorically ruling out any possibility of resuming old political ties with former Yugoslavia, pray, without much hope, for a quick and lasting solution to the conflict and the resumption of normal economic ties.

The war, with its violent and deliberate displacement of millions of people, has and is taking place in the ethnically mixed border lands of Croatia and Bosnia relatively distant from the Slovene border. Both Mr Kucan and Mr Drnovsek, who headed the old revolving Yugoslav state presidency for a year before negotiating the exodus of the federal army from Slovenia in July 1991, criticise the failure of the west to intervene more forcibly to stop at an early stage what Mr Kucan calls "the war of aggression waged by Serbia."

The president is particularly scathing against what he calls the west's definition of the war in Bosnia as a civil or ethnic war. "Of course the people who are dying do not care how it is defined. But for the international community it is essential to define it as a war of aggression against a UN-recognised state and draw the appropriate conclusions. It is a tragedy that Bosnia's elected leader has now been reduced by the international community to merely one of several ethnic leaders," he adds.

Preventing the war in parts of former Yugoslavia destabilising Slovenia and scaring off tourists remains a top priority for the new republic.

The border with Croatia is now in effect sealed against further immigration after 70,000 refugees, equivalent to 3.5 per cent of the local population, were taken in. Refugees are housed and cared for by local authorities around the country, often in former Yugoslav army barracks, at an annual cost of around $250m. Many are expected to stay even after the war ends.

Meanwhile, the coalition government which emerged from last December's elections to the national parliament and parallel presidential elections, is determined to use its four-year mandate to complete the transformation of the country into a fully-fledged, market-orientated, multi-party parliamentary democracy.

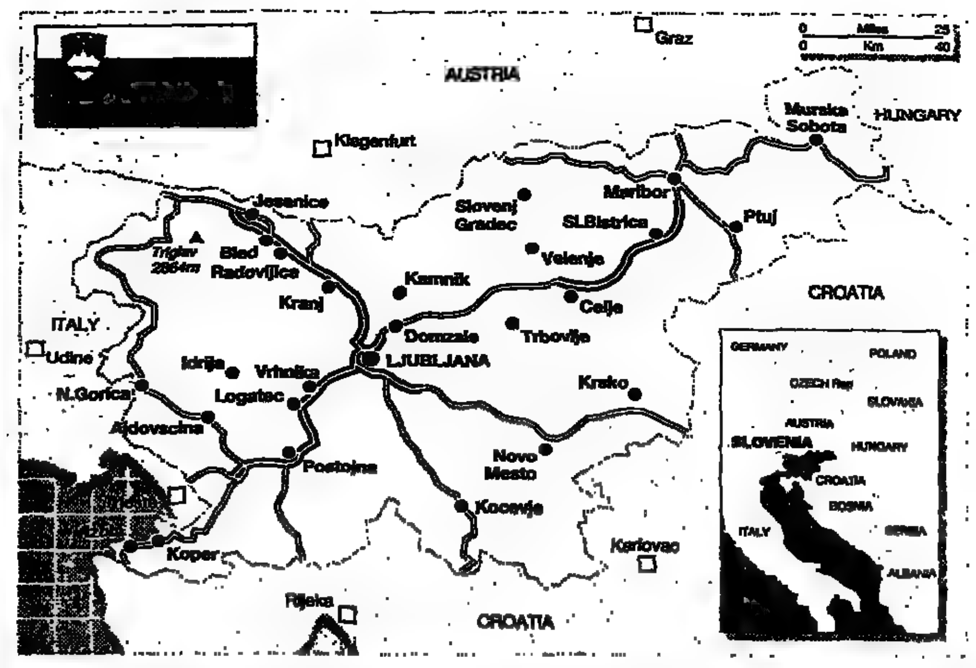
At the core of the government is an alliance between the Liberal Democrats, headed by Mr Drnovsek, which emerged as the largest single party with 25 per cent of seats in parliament, and the Christian Democrats led by Mr Lojze Peterle, the foreign minister. But the coalition also includes the four party "associated list", made up principally of reformed communists. This helps to give the coalition a wider parliamentary base.

The inclusion of the "left-wing" parties, with their traditional links to workers and the trade unions showed its value last month when they twice gave their assent to a new wages pact designed to reduce real incomes.

Independent economists calculate that average real incomes have to fall around 10 per cent from current levels of around DM650 a month if the Slovenian economy is to compete effectively for new markets in the west and attract foreign investment. Both are needed to reverse the rise in unemployment and build on the structural reforms to the banking system and privatisation which are currently under way.

The next four years will be crucial. But much has been achieved in the first 20 months of independence – including the establishment of a parliamentary democracy and a virtually convertible independent currency, the Slovene tolar, backed by strong reserves. The new republic is peaceful, internationally recognised and a member of the most important international institutions. By the end of the century it wants to be eligible for full membership of an enlarged European Community.

As elsewhere in the region, privatisation and other structural reforms are seen as laying the basis for the development of a self-confident middle class capable of ensuring that the democratic and economic reforms under way in Slovenia become irreversible.



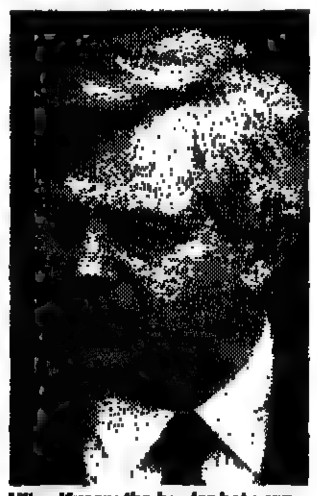
KEY FACTS

Area	20,251 sq km
Population (mid-1992)	1,996,800
President	Milan Kucan
Prime Minister	Janez Drnovsek
Currency	Tolar
Average Exchange Rate (February 26, 1993)	$1 = T102.063, DM1 = T62.12

THE ECONOMY	1991	1992
GDP per capita (estimate, US$)		6,052
GDP real annual change (estimate in %)	-9.3	-6.5
Industrial production (annual change, %)	-12.4	-13.2
Total employment (annual change in %)	-7.8	-7.1
Unemployment rate (in %)	8.2	11.6
Retail prices (annual growth in %)	247.1	92.9
Trade balance ($m)	-257	181
Current account ($m)	190	764
Foreign exch reserves (end of year, $m)	365	1,163
Foreign debt (end of year, $m)	1,866	1,741
Debt servicing ratio (in %)	8.0	7.4

Source: Bank of Slovenia


Janez Drnovsek, prime minister and Liberal Democratic leader


Milan Kucan: the border between peace and war in Europe

Anthony Robinson and **Laura Silber** on prospects for lower inflation and higher exports

Now the economy has to adjust

THE disruption of economic ties with former Yugoslavia, over 10 times its size, means that the small, export-oriented economy of Slovenia has been saddled with a severe adjustment problem.

War-impoverished markets and the loss of cheap inputs from embargo-afflicted Serbia, coupled with low-wage competition from the former communist central European economies, have left Slovenia with a cost and, above all, income structure which is not justified by current levels of productivity and quality.

Per capita GDP dropped from $8,658 in 1990, when the statistics were inflated by the cheap dollar, to $6,320 in 1991 and $6,052 last year. This is far below income levels in neighbouring Italy and Austria but much higher than Hungary, the Czech Republic and Poland, with which Slovenia now competes for foreign investment and for new markets in the recession-hit European community.

Incomes have not adjusted to two years of sharply declining GDP, which fell 9.3 per cent in 1991 and 6.5 per cent last year. The drop is due principally to a 12.4 and 13.2 per cent annual decline in industrial output over this period, and a steep decline in tourist revenue, the main source of hard currency income.

Wages and salaries, by contrast, rose around 20 per cent last year, reflecting the tradition, inherited from the former Yugoslav self-management system, of awarding pay increases unrelated to productivity.

In the past, this has led to rapid inflation and frequent devaluations. But the small team of key economic decision makers headed by Mr Mitja Gaspari, the finance minister, and Mr France Arhar, governor of the Bank of Slovenja, the central bank, are determined that the new republic should break out of the old ways.

"Stabilisation must be the main target, to get inflation

Mitja Gaspari, finance minister: republic must break with old ways

France Arhar of the central bank: target must be stabilisation

down to European levels. Otherwise, there will be no new foreign investment," Mr Arhar insists.

The principal burden of adjustment thus far, however, has fallen on the unemployed as needed structural changes, resulting from privatisation and reform of the banking system, have not really begun to take effect. The unemployment rate rose to 11.6 per cent at the end of the year. It is currently 13 per cent.

Last month's tripartite talks between the government, the unions and "employers", represented in the Chamber of Economy, eventually agreed a wages pact designed to keep income growth below the rise in prices. But Mr Gaspari believes that Slovenia will achieve European-style inflation levels only when property relationships are clarified.

This requires the quickest possible transformation of companies with ill-defined "social capital" into private companies with definite owners and a clear interest in profitability. Until now, the employers' side has been represented by managers, not real owners.

Slovenia's privatisation law was approved in November but detailed regulatory legislation is not expected to be in place before mid-year. Each enterprise is responsible for drawing up its own privatisation proposal. These include various forms of management and worker buy-outs, but enterprises looking for foreign investment will have to draft their proposals more conventionally.

The government wants to privatise 400 enterprises this year and nearly 1,600 next year. It is not clear at this stage whether it will be able to achieve its ambitious target.

In the meantime, it has just drawn up a tight budget which aims to keep the budget deficit to 1.8 per cent of GDP. This means a deficit of around T21bn, equivalent to $200m, in a budget of T291bn ($2.9bn).

Reaching this target, which is compatible with keeping inflation down to around 1.6 per cent a month, or 30 per cent on an annual basis, will not be easy. More than 40 per cent of budget outlays are made up of salaries and building a new state is an expensive business. The army, for example, needs re-equipping to patrol and defend the new border with former Yugoslavia. Rising unemployment increases the demand for social safety net spending.

Independent economists, such as Mr Joze Mencinger of the Ljubljana University law faculty, believe the economy is bottoming out and should stabilise or show small growth this year, provided the recession in western markets does not affect exports and tourism receipts too adversely.

Last year saw a 3 per cent decline in imports, mainly inputs from former Yugoslavia, and an 8 per cent rise in hard currency exports, reflecting a modestly successful shift into EC and Efta markets. The result was a $161m surplus on the country's $11bn foreign trade following a $257m deficit in 1991, according to the central bank.

A modest trade surplus and a rebound in foreign tourist receipts after the collapse in 1991 contributed to a current account surplus of $764m last year, compared with $190m in 1991. Both helped push foreign exchange reserves sharply higher to $1.2bn from $365m at the end of 1991.

Exporters, squeezed by rising domestic costs and last year's effective 18 per cent revaluation of the Slovene tolar, complain bitterly that government policy is squeezing margins to the bone and discouraging an export-led recovery.

The government remains deaf to their pleas, determined as it is to force enterprises to cut their cost base and become more productive. "Accumulating foreign reserves is tantamount to exporting capital. But it brings in a return of 8 per cent, and until structural reforms bite there are few ways of earning that kind of return on domestic investment," adds Mr Mencinger, a forceful advocate of floating the tolar and one of the architects of economic policy in the first post-independence government.

Looking ahead, the prospects look brighter. Slovenia survived a short but violent independence war with an economy which has proved largely self-contained and with a good infrastructure, including a nuclear power station at Krsko and its own port at Koper on the Adriatic coast.

The new republic has managed to create a strong, virtually convertible currency backed by strong reserves and a low foreign debt of $1.74bn. It has become a member of the main international financial institutions and laid down the legislative framework for privatisation, banking and other reforms. It now remains to build on this solid base and move ahead rapidly with the privatisation programme designed to provide the flexibility needed to reduce costs and develop new markets.

BANKING REFORM

Bond–for–debt swap

THE essence of the former Yugoslav self-management system was an incestuous relationship between credit-hungry enterprises and the captive banks which they ambiguously "owned". The legacy, in Slovenia and throughout former Yugoslavia, can be seen in debt-strapped enterprises and bank balance sheets stuffed with non-performing assets, write Anthony Robinson and Laura Silber.

The Slovenian banks were widely perceived as the most professional and competent in the former federation. But they shared many of the basic weaknesses of the old system and their post-independence performance remains distorted by bad debt and the effective confiscation of hard currency deposits transferred to the former Yugoslav central bank, the National Bank of Yugoslavia (NBY).

On January 27, however, the Slovene parliament passed a law which opened the way for banking reform by providing a state guarantee for special bonds to finance the restructuring of banks and savings institutions.

Reform starts from the assumption that eliminating the financial consequences of the previous system is a long-term project which will have to be financed by the Slovene taxpayer. The method choosen is through the issue of DM3.5bn, 30-year government guaranteed bonds with an 8 per cent coupon, payable quarterly.

The bonds will be swapped for specific portions of the bad debt held by commercial banks. The coupon payments will show up on bank income statements, replacing what until now have been accumulated losses.

The first bond-for-debt swap has been earmarked for Ljubljanska Banka (LjB), by far the largest of the 31 local and two foreign banks operating in the country. LjB accounts for around 50 per cent of the assets and liabilities in the Slovene banking system and handles around 70 per cent of foreign financial activities. When its 13 "daughter banks" are included, the LjB group accounts for 75 to 78 per cent of total Slovene assets and deposits.

Reducing the hitherto preponderant share of LjB is one of the main objects of bank reform. "In future, we would like to see the emergence of four or five banks of roughly equal size as the basis of a competitive banking system," says Mr Mitja Gaspari, the finance minister.

The process has already begun with the hiving of SKB bank from the LjB group three years ago and the emergence of other former LjB daughter banks, such as Mariborska Banka, as potential core banks in the new system.

The task of restructuring the LjB group has been given to Mr Marko Voljc, an experienced international banker. Mr Voljc, a 45-year-old polyglot, is a development banker who returned to Slovenia in September after 13 years at the World Bank. He was appointed as the bank's new chairman and chief executive on the same day as the new bank guarantee law specifically singled out Ljubljanska as the key to reform of the banking system. Mr Voljc spent three years as the World Bank representative in Mexico before returning to Washington in 1990 as head of the Central America and Panama division.

For LjB, which is now 100 per cent state-owned, bad debt is less of a problem than those caused by the disintegration of Yugoslavia and the financial irresponsibility of the Serbian authorities in particular.

The NBY in Belgrade currently holds around DM450m of frozen Slovene hard currency funds and a further DM850m deposited in the LjB's Croatian subsidiary which were also frozen, and in effect spent, by Belgrade. The LjB in turn is seeking compensation from Zagreb for the seizure of its Croatian subsidiary.

Mr Voljc calculates that two-thirds of the bank's non-performing debt is represented by frozen foreign currency accounts, and only one third by the bad debt of Slovene and other former Yugoslav enterprises. This is significant because the Slovene state will refinance only the bad debts of Slovene enterprises through the new bonds.

In the meantime, the bank is methodically converting blocked hard currency accounts into new, convertible hard currency accounts. Most of the 33,000 such accounts were small, individual accounts and over 90 per cent of the small accounts up to DM3,500 have already been converted or are being converted at the rate of DM500 a month.

"In some ways, the problems are more difficult now than a year ago. But we now have a new government with a four-year mandate and we are starting to concentrate on economic reform rather than political battles. The legal framework is in place and the government has the time horizon required for banking reform to work," Mr Voljc says.

What is more, Slovenia is no longer alone. The World Bank, limited in its assistance because of Slovenia's relatively high income, has earmarked $150m to help bank reform and Slovenia has become a full member of the IMF, the European Bank for Reconstruction and Development and other institutions. Closer ties are also being forged with neighbouring Austrian and Italian banks in particular.

On balance, however, the Slovene authorities would prefer foreign banks to enter into joint ventures or take minority shareholdings in Slovene banks rather than set up wholly-owned subsidiaries. Banking, together with tourism, is precisely the kind of clean, high value added service industry on which Slovenia hopes to base the transformation of its economy.

Ljubljanska Banka: in need of competition

THE STOCK EXCHANGE

Small beginnings

THE Borza, Ljubljana's stock exchange, has steadily expanded since it was founded three years ago this week.

It is still small. But Mr Boris Snuderl, 33, vice president and chief operating officer, believes the law on privatisation, passed last November, should pave the way for future growth.

At present only eight of the 28 securities listed are stocks. The rest are bonds. Mr Snuderl expects another 200 companies to be listed when privatisation gets under way later this year.

Market capitalisation in 1992 amounted to DM547m. Annual turnover totalled DM435. Four listed securites matured in 1992, causing a drop in turnover in relation to the previous year. Mr Snuderl says daily turnover in recent weeks has been DM4m to DM5m. To date, the highest one-day trading record was DM14m.

Daily turnover has increased since January but this is largely because of a decree which included trades between the 57 members of the stock exchange as part of turnover.

Mr Snuderl explains that plans to install an electronic trading system will help to expand the market and raise its efficiency. "All of our traders have to travel to Ljubljana twice a week. A screen-based system would make it easier," he says.

"There's no way you can cheat the electronic system. Once the trade has been entered you cannot pretend you bought it later in the day at a higher price," he adds.

Mr Snuderl says the Borza's young founders want to build up a fair market. "We started from nothing. We spent time at the major European and North American stock exchanges and tried to pick out the best elements."

As a result, the Borza is a mini-amalgam of the Zurich, Paris and London stock markets. "We are close to Zurich because we have direct trading between the banks. But we are a three-level market like the Paris Bourse. On the other hand, like the London stock exchange, the Borza is not a state but a private entity."

Open for trading on Tuesdays and Thursdays, the Borza, on the sixth floor of the city centre, is crowded. But it will start to recognise its full potential only when – and only when – real momentum builds up behind the privatisation process.

Laura Silber

Privatisation helps SKB

SKB BANKA is an exception among Slovene banks – it has a clean balance sheet.

Founded in 1965 as a subsidiary of Ljubljanska Banka, SKB was responsible for housing and municipal construction loans. Under the banking reform law of the former Yugoslav federation, SKB – then known as Stanovanjsko-Komunalna Banka – broke away from Ljubljanska in January 1990 to become a joint stock company.

Some 700 Slovene companies and institutions, including the city of Ljubljana, now own shares in SKB. The original shares were withdrawn in 1992 and reissued.

They are now denominated in Ecus, with 30 per cent preferred and the remainder as regular shares. The second biggest Slovene bank, SKB is now the only bank whose shares are quoted on the Borza, the Ljubljana stock exchange.

Mrs Cvetka Selsek, deputy general manager, believes privatisation of SKB has compelled management and employees to work harder and more efficiently. "They want to do as good a job as possible to keep up the value of the shares," she says.

Retail, corporate and trade finance, together with international banking comprise SKB's main operations. Its acquisition of a bankrupt subsidiary of Beogradska Banka, the Belgrade-based bank, has provided it with an extensive branch network.

While SKB has largely managed to avoid the pitfalls of the other Slovene banks, Mrs Selsek worries about 1993 when the process of banking rehabilitation begins in earnest. "If this will be the most difficult year I'd be happy. We are all eagerly waiting for the process to be behind us," she says.

Laura Silber

Laura Silber reports on one of Europe's biggest breweries, now seeking international markets

Lasko is reaching out

LOCATED in a town of 5,000 inhabitants in the hills of eastern Slovenia, the Lasko brewery is one of Europe's biggest. Though it is seeking international markets, it is definitely not looking for foreign investment.

"We need to break into markets abroad. But we are in search of sales, not foreign investment," emphasises Mr Franci Jontes, marketing director of the brewery.

He and his colleagues fear that foreign competitors may try to buy out the brewery – but only to close it down. It would not be the first time this has happened since Lasko was founded in 1825. "A German cartel bought out the shares and shut the brewery in 1927; we do not want to repeat the experience," he says.

"Local entrepreneurs rescued Lasko, which resumed production in 1938. But the Germans took over the factory during the second world war. A joint Allied bombardment hit the nearby railway bridge but also razed the brewery towards the end of the war," says Mr Gorast Setina, the public relations manager.

Confident that the black and gold label Zlatorog beer ranks among Europe's finest, Mr Jontes is hoping to boost foreign sales.

Slovenia's 2m citizens are fond of Lasko beer, but they cannot possibly drink more than a fraction of the 2.5m hectolitres (about 55m gallons) which the riverside brewery is capable of producing every year. Most of it used to be sold to former Yugoslavia, particularly Croatia whose Adriatic coast attracted millions of thirsty tourists before the war.

Lasko has been through trying times, but Mr Jontes admits the past few years have been among the toughest. The brewery is still reeling from the loss of its Yugoslav markets since 1991.

"Overnight, our sales dropped by 45 per cent," he says. Croatia, Slovenia's southern neighbour, accounted for 41 per cent of total sales in 1990, but only 7 per cent last year. Sales to Croatia stopped completely for six months after October 1991, when Slovenia introduced its new currency, the tolar.

Lasko was forced to cut costs, sacking 140 workers. Mr Jontes believes the current labour force of 480 will be reduced by another 25 per cent over the next three years.

He cites high customs duties to neighbouring Austria and Italy as a major obstacle to bolstering sales. "We need reciprocal customs duties. In Ljubljana, you can buy Goesser, a popular Austrian beer, as readily as Lasko. Goesser pays 37 per cent customs duty but we must pay 60 per cent to sell our beer on their markets," he complains.

Like many Slovene exporters, Mr Jontes believes the exchange rate of the national currency makes his job more difficult. "It does not pay to sell our product below a certain price. But inflation and the strong tolar cut into earnings."

Product recognition is also a problem. Mr Jontes says Lasko is working with Charlemagne Strategies, a London-based marketing firm, to help break into UK and other markets.

Exports accounted for 11 per cent of total sales in 1991, of which Croatia, Italy and Austria were the biggest markets. He says Lasko recorded a profit of DM40m in 1992.

But the drop in sales has forced Lasko to cut production. Last year the brewery produced 1.4m hectolitres, less than 60 per cent of capacity.

Lasko's managers are strongly opposed to foreign ownership. The brewery is still socially-owned, which means that the workers own the company, instead of the state or private individuals. Under the privatisation law passed by the Slovene government in November last year, Lasko's workers have the right to buy out the majority of the company shares.

But the situation is not that simple. The prewar, pre-nationalisation shareholders have also demanded that their interests be taken into account. Mr Jontes expects to reach agreement in the near future over the division of shares with former owners.

The Lasko brewery is the biggest employer in the region. Over the past decade, it has acquired a local spa, hotels and a 12th century castle, Grad Tabor.

Set on a high ridge above the town, the castle affords wide views of the barley fields in the Savinska valley which provide much of the malt for Lasko beer. Mr Jontes sits in Grad Tabor, now a popular regional restaurant, sipping his golden Zlatorog and hoping for better times. "All we need is a fair crack of the whip and the quality of our beer will do the rest," he says.

Profile: GORENJE

Jewel at the hub of change

IF YOU have ever eaten dinner in a Slovene home, chances are it was cooked on a Gorenje stove while the local Riesling came out of a Gorenje refrigerator.

From its ultra-modern main factory at Velenje, close to the Italian, Austrian and Hungarian borders, Gorenje has long dominated the domestic market.

But the 2m Slovenes account for only 5 per cent of the company's total sales. Gorenje is Slovenia's exporter *par excellence*, sending 95 per cent of its output to 70 countries. It sells 60 per cent of appliances under Gorenje's own brand names, and the remainder under foreign labels, including General Electric, Bosch, Siemens and Electrolux.

Mr Franjo Bobinac, marketing director, says Gorenje's success stems from its emphasis on tight quality control and product development. "The directors of each division – refrigerators, cookers and washing machines – are responsible for product quality and development," he says.

"This year we will produce 23 new appliances – from fridges to stoves. Gorenje must constantly develop in order to remain one of Europe's top eight producers."

But Mr Bobinac admits 1992 was a difficult year. Profits were under severe pressure, totalling about 1 per cent of the turnover of DM990m, he says. Like so many Slovene businessmen, he blames the government for failing to stimulate exports, the bedrock of the Slovene economy.

"Gorenje needs additional export incentives from the government and interest rates should be lowered to compensate for the strong tolar," he says.

Mr Bobinac says Gorenje is undergoing changes which will help to streamline the company and reduce costs. About 1,000 workers have been sent away in the past three years. Like other exporters, he argues that the average monthly wage of DM600 is far too high to keep his exports competitive.

"Belgrade has almost 2m inhabitants – as many as all of Slovenia"

In an attempt to cut costs and prices, Gorenje plans to change the distribution network in major European markets, such as Germany, France and Austria. "We will make more direct sales," says Mr Bobinac.

The break-up of Yugoslavia hit Gorenje – not just in terms of losing markets. When Slovenia declared independence in 1991, the Yugoslav republics, especially Serbia, accounted for 30 per cent of all sales.

Although Mr Bobinac says Gorenje had formed its export orientation long before the disintegration of the Yugoslav federation, the loss of the Serbian market, the biggest republic in former Yugoslavia, has hurt especially hard. "Belgrade alone has almost 2m inhabitants – the size of all of Slovenia," he points out.

In addition to losing its captive markets, the disintegration of the federal state meant that Gorenje lost control of its factories, service outlets and stores in the other republics. Gorenje now has DM50m in outstanding claims against Serbia for the seizure of nearly 20 service centres.

Gorenje's production network extended to war-torn Bosnia-Hercegovina. The ongoing Serb siege of Bihac, in north-west Bosnia, has forced it to stop producing 24-inch refrigerators at Bihac and relocate production to the main plant in Slovenia. The company does not even know what has happened to the plant at Tuzla, cut off by both Serb and Croat forces.

Company managers agree that Gorenje's survival hinges on its ability to generate future export-led growth. "We are boosting exports to the Middle East and South America. Sales to Iran, Mexico and Chile are growing significantly," Mr Bobinac says.

Gorenje is on the privatisation schedule. But that is likely to occur in a form which will insure continuing Slovene control of what most Slovenes regards as a "national jewel". Economists believe that most of the shares will end up with specially-created mutual funds as part of the mass privatisation programme. Others will be sold or distributed directly to Gorenje managers and workers, leaving only a minority to be sold on the open market.

Though foreigners have made inquiries about investing in Gorenje, Mr Bobinac doubts the government will allow them to buy out Slovenia's main export companies. "Gorenje is the only European brand name in Slovenia. I believe we are too important to become a foreign company."

Laura Silber

WINE

Bibulous appeal of fine design

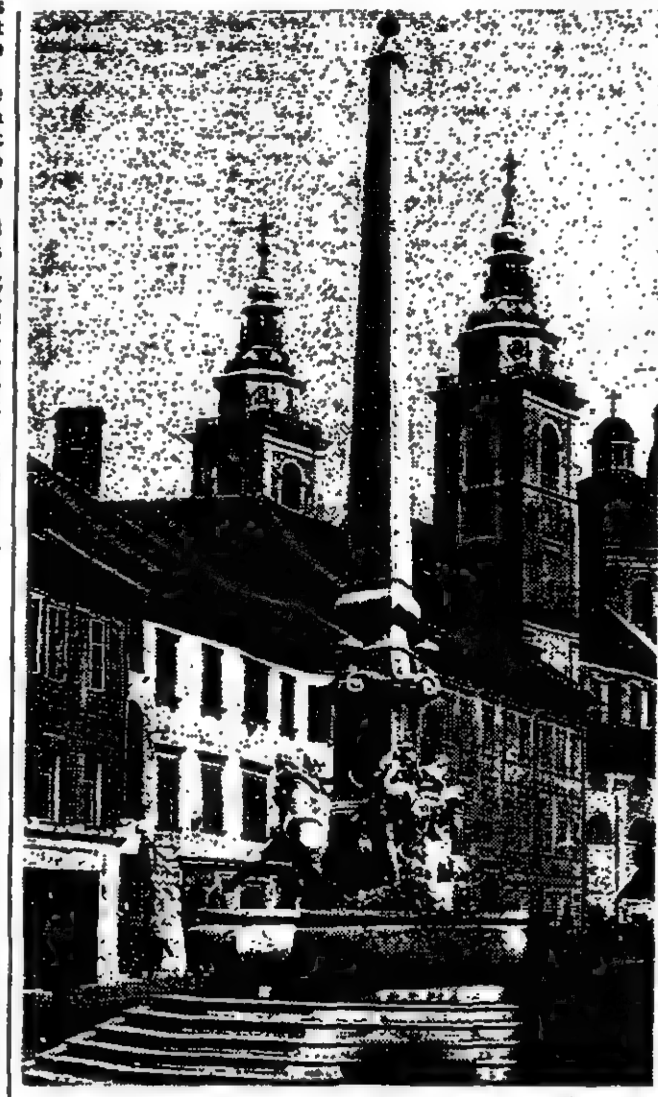
SLOVENIA produces too little wine to make much impact in a world of wine lakes and over-production. But pouring drinkable wines into beautifully designed bottles is one of the ways the tiny Alpine country is trying to sell its products on foreign markets.

Slovenia produces about 521,000 hectolitres of wine a year. Teran from the western Karst region and rieslings from the northern Stajersko are among the most famous.

A few years ago private vintners started to market their wares in bottles designed by industrial artists and architects. The trend caught on as the larger state-owned vineyards followed suit.

Gently sloping smoky grey bottles or odalisque flasks with elongated necks make a beautiful addition to any wine cellar or dinner-table. Mr Oskar Kogoj, a noted local artist, has designed a wide range of bottles. They and his other graceful creations can be seen in Regent Street, London from April 19 to May 5 at the Liberty's show on Slovene industrial design.

Laura Silber



The baroque charm of downtown Ljubljana

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Profile: LEK

Capitalism is a bitter pill

A PLAQUE above the entrance to the Lek pharmaceutical company's elegant, 10-storey headquarters in the industrial suburbs of Ljubljana records the proud opening in 1991.

But 1991 was a bad year to take on board such an expensive addition to fixed costs. Former Yugoslavia was disintegrating into a patchwork of warring mini-states with inconvertible currencies and hyperinflation. Comecon markets, and especially the former Soviet market, were in a state of shock following the switch from the rouble to hard currency trade.

For Lek, like other Slovene exporters, these developments threatened the 40 per cent of sales which used to go to Yugoslav markets and much of the remaining 40 per cent of output exported to Comecon, third world and other markets.

The pharmaceutical industry has suffered less than producers of goods that can more easily be substituted or for which purchases can be deferred. But output from Lek's six plants fell 25 per cent last year, according to Mr Metod Dragonja, the managing director. Higher domestic prices on the Slovene market helped boost local sales from 20 to 30 per cent of the lower total. However, the rest of former Yugoslavia is now taking only 32 per cent of sales.

Pharmaceutical exports to Serbia are exempt from the UN trade embargo. But sharply declining real incomes, hyperinflation and inconvertible currencies mean that an increasing portion of the declining trade is taking place on a barter or semi-barter basis.

The unchanged 40 per cent of exports to other markets reflects limited success in switching trade from Comecon to western markets. Lek has licensing agreements with several western firms. These include Merck and Eli Lilly of the US, Fisons of the UK and Knoll of Germany, as well as a long-standing Bayer-Pharma joint venture with Germany. Most sales to western markets are generic drugs and bulk products.

The search for new markets and niche products for future growth has been accompanied by a cost-cutting programme and a 10 per cent drop in the labour force to 2,100.

Last year this helped Lek remain in the black with an 8 per cent pre-tax profit on turnover of about $200m. But times are hard for small central European pharmaceutical companies such as Lek and Krka, its larger Slovene competitor. Both face growing domestic competition from western firms and uncertain prospects for recovery in the once insatiable and undemanding markets of the socialist east.

To survive, they will need closer links with foreign drug companies. The forms these take have still to be defined. But once privatisation legislation is approved, the search for new partners, new products and new markets will intensify.

Anthony Robinson

Laura Silber examines the prospects for the tourist in what remains an area of unspoilt beauty

Bohinj is still far from the battle

SNOW-SPECKLED slopes slide *into the shores of a crystal* lake. Wooden chalets dot mountain pastures. Giant evergreens and silvery birches line mountain paths. Is this Switzerland? No, it's Lake Bohinj in Slovenia.

Nestled in the Julian Alps under Triglav, Slovenia's highest peak, Bohinj, like nearby Bled and Kranjska Gora, boasts unspoilt beauty and year-round outdoor activities, from hiking to sailing.

It is easily accessible by car, aeroplane or rail and foreigners should be flocking to enjoy the Slovene Alps at prices some 30 per cent below those in neighbouring Austria.

But just about everyone in the tourist industry complains that the nearly 90,000 beds are not filled to capacity except at the height of the summer season.

Getting tourists to come back to Slovenia is a high priority. The country would appear to be a natural winner because from the Alps to the tiny stretch of Adriatic coast, Slovenia offers good value for holiday makers. Tourism was the single biggest earner in 1992, officially amounting to $670m, but in fact well over $1bn when private transactions are taken into account.

But Mr Joze Mencinger, an economist at the Ljubljana law *faculty, believes that tourism* will probably never account for more than 10 per cent of Slovenia's hard currency earnings. "The mountains are too low – but at the same time they are too steep for real skiing. The 46-kilometre coastline is too short and Koper, Slovenia's only port, takes up 10 kilometres and needs to be developed further," he says.

> Foreigners shy away, associating it with the bloodshed in former Yugoslavia

Before the break-up of Yugoslavia, Slovenia was awash with tourists. In 1990, some 55 per cent came from abroad and the remainder from other parts of the country. Slovenia was often included in foreign package tours.

British tour operators, for example, used to book up hotels at Lake Bled for holiday makers *en route* to Croatia's Adriatic coast. Coach operators stopped in Slovenia as part of tours from northern Italy through to Austria.

Everyone in the tourist industry complains that Slovenia is nearly unknown. If it is known, foreigners shy away, associating it with the bloodshed in former Yugoslavia.

Mr Miro Mulej, head of the Lake Bled tourist association, describes the surprise of foreign visitors when they visit Bled, a mini-Lake Cuomo. "They envision tanks rolling down the streets. They don't understand we have a proper border with Croatia. Slovenia has had no violence since the 10-day war in June 1991.

"When foreigners arrive, they see we have everything. From natural beauty to exclusive shops," Mr Mulej says of Lake Bled, which offers a wide range of activities from casinos to golf.

"But building a new image for Slovenian tourism is an expensive business," he adds. The high quality of the tourist information material put out by the industry and its operators reflects the effort to attract foreign holiday-makers. But Slovene tour operators are aware that their sophisticated, well-designed brochures will yield little until foreign partners realise that Slovenia is no longer part of Yugoslavia and that it is far away from the war.

Slovenia is listed in the Thomson tour catalogue, but so far there have been few advance bookings. In 1988, Slovenia was a favourite charter spot for some 700,000 British tourists.

"We must forge a completely new identity: Slovenia as an alpine country. It is the opposite of the image of Yugoslavia with an Adriatic coast and islands," says Mr Mulej looking out at Lake Bled, which boasts Slovenia's only island, dominated by a beautiful Baroque-steepled church.

> "We do not want mass tourism, but visitors who want to enjoy the spectacular surroundings."

Tourist officials have taken steps to forge a new image for Slovenia. Mr Bogo Umek, under-secretary for tourism, says: "About 52 per cent of Slovenia is covered with forests. We have the alps and spas, the Adriatic sea coast is decoration."

Mr Umek believes Slovenia's membership of the pentagonal Alpine Commission was an important step for tourism. Lake Bled last year was featured on the cover of the Commission's brochure.

Slovenia is eager to emphasise individual tourism rather than the mass tours of the past. Mr Janko Humar, marketing director of Alpinum, which owns and operates six hotels around Lake Bohinj, says: "Bohinj has some 1,600 beds. We do not want mass tourism, but individual visitors who want to enjoy the *spectacular surroundings.*"

Over the past five years, Alpinum has upgraded its hotels, emphasising the quality of service, which was so often lacking for foreign visitors to the former Yugoslavia. "We teach the staff that service is a profession to take pride in," he adds. The staff at the charming Hotel Jezero, set on the shores of Lake Bohinj, is courteous and hospitable.

Rock-climbing and white-water rafting may interest some holidaymakers at Bohinj. The less adventurous can walk on the well-marked paths in Triglav national park or enjoy the annual festival – the dance of the cows – which marks the time when peasants take their stock up to the mountain pastures for the summer.

Kozolci, Slovenia's wooden hayracks – a tradition dating back to the 17th century – distinguish Lake Bohinj from Switzerland. But here, when holiday makers tire of swimming, skiing, or trout-fishing, they can hop in the car and after just an hour's drive, arrive at the short but lovely Adriatic coastline.

Lake Bled, near Bohinj, is a leading tourist attraction

Janez Drnovsek, the prime minister, talks to **Anthony Robinson** and **Laura Silber**

A modest leader's identity problem

THE LEADERS of newly independent Slovenia and Slovakia both think they have the same problem – that the world mistakes one for the other. Mr Vladimir Meciar, the Slovak prime minister, complains: "We are at the heart of Europe but no-one knows us. Foreigners always confuse Bratislava (the Slovak capital) with Belgrade (the capital of the warring rump of Yugoslavia), and Slovenia with Slovakia."

Mr Janez Drnovsek, the quiet-spoken polyglot who is the prime minister of Slovenia, has an additional problem. He is slightly miffed that people sometimes confuse Slovenia and Slovakia, but recognises that this is largely because the names of the two republics are so similar, especially when written in their respective languages. Slovakia, for example, is called Republika Slovenska in the Slovak language.

But a more important problem for the 42-year-old Liberal Democrat leader is to ensure that there is no confusion between peaceful, newly-independent and ethnically-homogeneous Slovenia and Slavonia, rather than with Slovakia.

For Slavonia is the war-torn north eastern region of Croatia whose Serb minority, backed by Serbia and the Serb controlled army, revolted against Croatian independence in June 1991 and fought a bloody war which reduced such towns as Vukovar and Osijek to ruins and led to a mass exodus of ethnic Croats from the mixed areas. Slavonia is one of the great victims of the war.

> Drnovsek had to endure the humiliation of a pageant of Serb nationalism

As President of the Yugoslav Federal Republic for the year ending May 1990, Mr Drnovsek saw first hand how the federal state withered in the hot breath of Serbian nationalism. Misha Glenny,in his recent book, The Fall of Yugoslavia, tells of the humiliation that Mr Drnovsek had to endure at the hands of Mr Slobodan Milosevic, the Serb leader, who invited him to an unrestrained pageant of Serb nationalism at the 600th anniversary of the Serb defeat by the Ottomans at Kosovo Polje in June 1389.

This took place shortly after Mr Drnovsek assumed the chair of the revolving presidency, and must have convinced him early on of the doomed nature of the Yugoslav experience. His official CV, which lists the important events of his presidency, records his attendance at the 200th anniversary of the French Revolution celebrations in Paris and the Independence ceremonies in Namibia. It does not mention Kosovo Polje.

Just two years after his public exposure to raw Serb nationalism, however, Mr Drnovsek was negotiating with Serb generals over the withdrawal of the federal army from Slovenia after its humiliating defeat in the 10-day "war" which followed Slovenia's declaration of independence on June 25 1991.

Slovenia gave the Titoist system its main ideologue, in the shape of Edward Kardelj, but also its most pragmatic, reformist "communists." Mr Drnovsek was one of them. But in March 1992 he became president of the Liberal Democratic party, reviving a political tradition which dates back to the late 19th century when Slovenia spawned a number of small Liberal and Christian Democrat orientated parties during the last decades of Habsburg rule.

A month later, Mr Drnovsek – a former construction company manager, banker and diplomat – became prime minister of the second post-independence government, replacing the government headed by Mr Lojze Peterle, the Christian Democrat leader, who is now foreign minister and deputy prime minister in the present government.

In December last year Mr Drnovsek led his party to victory in the general elections, emerging with 25 per cent of the seats in the 90-seat national assembly. A month later parliament approved his new coalition government of Liberals, Christian Democrats and the "associated list" of four left-wing parties dominated by reform communists.

This is the government now ruling Slovenia. "The main goal of our coalition is to create stable government for the next four years and carry out our programme of modernisation," Mr Drnovsek says.

Ideologically, the coalition would be more consistent if limited to the Liberals and the Christian Democrats with their more rurally-orientated, conservative support. "But this is a government which will have to do unpopular things, like reduce real incomes and restrain government spending. There will be strong pressures on the government and we decided to bring in the left-wing parties, with their links to the unions, to broaden our majority."

At present, party loyalty and discipline are unreliable "but I hope that in the course of this parliament there will be a normalisation of the political scene," he says. "My party stands for western rules in both the economy and in politics. In future, our base will be in the middle class. I just hope that will prove to be enough," he adds.

> "This government will have to do unpopular things – So we decided to bring in the left wing"

The government's critics in the "associated list" parties accuse it of being slow to build a fair taxation system and complain about the emergence of a flashy "new rich" class. Most have got rich quick through trading, some of it shady and linked to the war, some of it organised through the exploitation of old *nomenklatura* links with the former regime, says Mr Vojko Venisnik, a reform communist.

The left-wing parties voice similar complaints about privatisation, which is slow to get off the ground, and remains largely in the hands of the old "self-management" factory managers.

At the other end of the spectrum, rising unemployment and the erosion of workers' "historic social rights" have led to a fall in real incomes among the poor who are being wooed from left and right. Right-wing nationalists, such as Mr Zmago Zelencic of the Slovenian National Party, accuse refugees of taking jobs and bread from the mouths of native Slovenes, but the party has now split into two factions and remains on the sidelines of politics.

More jobs will be lost in such sectors as railways, steel and energy which badly need new management and an end to overmanning if they are to become competitive. The private sector is not yet vigorous enough to take up the slack and privatisation, initially, will lead to further job losses.

The problems facing the government are likely to get worse before getting better. But they appear to be manageable in this small, beautiful country close to European markets. Among Slovenia's plus points can be counted a strong currency, a tradition of skilled labour, a competent team of economic reformers in the key ministries and institutions – and a political class with modest leaders and realistic aims.

Rate cut hopes stem fall in equities

By Terry Byland, UK Stock Market Editor

THE DRUG stocks suffered another bout of selling in London yesterday, but losses elsewhere in the stock market had been largely recovered by the close of business. The final loss of 6.4 points on the FT-SE 100 Index took its falls of nearly 11 points from ex-dividend adjustments in leading shares.

The stock market's attention swung back in the direction of interest rates after suggestions in the UK press at the weekend that Britain's building societies were considering raising interest rates, including mortgage charges, because of competition for savings deposits. Such a threat was seen as direct pressure on the UK government to deliver the cut in base rates expected by the City of London at Budget time, but discounted by Mr Norman Lamont, the chancellor of the exchequer.

The outcome of the French elections also put European interest rates in the spotlight again. UK investors continue to look to the Bundesbank for a lead to lower rates, although there were doubts whether any move would be made when the bank's policy-making committee meets in Frankfurt this week.

The new equity trading account opened with shares quickly under pressure as last week's losses in Wellcome and Glaxo were extended. The technical markdown prompted by ex-dividend quotations was soon joined by a sell-off in the stock index futures sector.

The Footsie was soon down by nearly 20 points at 2,830, although outside the pharmaceuticals there was little selling pressure. It was the absence of any big selling transactions, as much as any other factor, which laid the basis for a steady recovery in the second half of the session.

London was also buoyed by a good start on Wall Street, where the Dow Industrial Average was 24 points up in UK hours, as it responded to improvements in the latest data on consumer spending and home sales.

At the close, the fall in the FT-SE 100 Index had been cut to 6.4 for a final reading of 2,846.5. Traders were a little nervous at seeing the 2,850 support level lost, but remained confident that the institutions would soon move into equities if the Footsie dipped to the 2,820 area.

A more revealing picture of the day's trading came from Seaq volume of only 484.7m shares, compared with 734.9m on Friday. The paucity of institutional interest suggested that retail volume was low. Retail, or customer, business in equities was high all last week, and recorded a value total of £1.57bn on Friday.

The market was also suffering some indigestion yesterday from last week's rights issues; "a rights too far" was the wits' comment. For the immediate term, the institutions have committed most of their available cash and their trading books are still holding the rights shares taken aboard.

A test of market confidence will come when two impending new issues reach the marketplace. Heavy institutional interest was reported yesterday in the placing and intermediary offer for Hambro Insurance Services.

While most of the market lacked enthusiasm yesterday, properties remained firm as the signs of recovery in the sector continued to attract support. Retail issues, although traditionally influenced by interest rate hopes, remained close to pre-weekend levels.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000s	Closing price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

First Dealings:	Last Dealings:	Account Day:
Mar 15 / Mar 29 / Apr 19	[illegible]	[illegible]

*New time dealings may take place from 9.00am two business days earlier.

Wellcome sold again

PHARMACEUTICAL issues were hit heavily yesterday, the slide accounting for more than 8 points on the FT-SE 100 Index. Wellcome was the principal casualty, tumbling 56p at one stage as it went ex a 4.8p dividend.

A number of UK securities houses have been taking the view that the sector is poised to recover, but worries ahead of proposed reforms in the US drugs market and general concern that margins are being squeezed held sway again yesterday. Consequently, traders who had held long positions at Friday's close were caught out when prices fell again. Wellcome shares lost ground for the fourth trading day in succession and the decline increased in the afternoon as cautious US investors returned to the fray. By the close the stock was down 47 at 742p xd on turnover of 4m.

Meanwhile, the fortunes of Glaxo suffered further, the shares losing 21 at 576p as the company confirmed a newspaper report that it is to write to doctors in the US to correct statements made about its best-selling Zantac ulcer drug. The US Food and Drug Administration criticised Glaxo earlier this year for promotional material which suggested Zantac was safer than a rival drug from SmithKline Beecham.

Although SmithKline was not immune from the sector tension – the "A" shares dropped 14¼ to 392¼p and the Units lost 13 to 344p – some analysts feel that it will be the first of the three leading UK drugs stocks to recover.

Low for BM

Shares in BM Group, the construction equipment company, fell sharply after a report that it will make a bigger than anticipated loss of at least £30m this year, against profits of £34.6m last year.

Scottish and Northern institutions were quick off the mark, with many London dealers initially left in the dark, after a story that appeared in early editions of Saturday's Financial Times.

That early selling sent the stock tumbling to hit a five-year low of 40½p before steadying to close 5 down at 42p.

Just over a year ago, the shares were trading at around 400p, the company having reported interim profits of £17m, but went into retreat in June last year following the resignation of the chairman.

Booker conflict

Food group Booker was subject to conflicting pressures as the market remained divided over the company's prospects. Nomura produced its second downgrade in a week and turned cautious on the stock, arguing that the food distribution arm – the most significant contributor to Booker's profits – would continue under a cloud for the remainder of the year. The house pulled back its 1993 forecast to £92m.

Booker's results last week produced a dramatic fall in the share price. Although largely in line with expectations, certain aspects, such as the large level of debt, caught analysts by surprise. A cautious accompanying company statement helped send the shares into reverse, tumbling from 443p to yesterday's opening of 400p in just three days. The stock lost 5 to 395p yesterday.

Kleinwort Benson believes the shares present a good buying opportunity. It argues that the decline in the stock makes it attractive and that the food distribution business is well positioned for recovery.

The prospect of another reduction in UK interest rates triggered a further flurry of buying interest in a banks sector said to be attracting persistent strong institutional support. Last week's earnings upgrades in Royal Bank of Scotland saw the shares improve 1¼ more to 133p on 1.3m traded. Abbey National rose 9 more to 382p, TSB 4½ to 173½p on good turnover of 4.5m and Lloyds 14 to 523p.

Sun Alliance hardened to 345p after the purchase by its Danish subsidiary, Codan, of Hafnia's Danish offshoot for £140m. Mr Nick Bunker, insurance analyst at Hoare Govett, described the deal as, "an efficient way of utilising the excess assets within Codan, subject to some caveats about possible pitfalls within Hafnia's banking business."

BT extended last week's strong performance, the shares climbing a further 8 to 438p on 8m. In a comprehensive review of BT, Mr Chris Tucker of Carr Kitcat said the shares "look cheap on our estimates for the next two years." He highlighted BT's recovery profile after two years of recession, high redundancy costs and large exceptional losses. He said the company "should be able to to achieve earnings per share and dividend per share growth of 10 per cent in the mid-1990's through improved productivity and strict cost control."

In a subdued oil and gas sector, BP continued to catch the eye, closing 4 firmer at 308½p. Turnover was a disappointingly low 4.8m, with specialists adding that much of that reflected yet more buying interest in the shares from across the Atlantic. US investors are thought to speak for at least 25 per cent of the company's shares. Burmah Castrol added 6 more to 720p, with the market becoming increasingly bullish about the stock ahead of Thursday's figures.

A flood of statements from Euro Disney, ranging from fresh attendance figures to plans for new rides, helped lift the theme park operator 40 to 1125p.

Guinness improved, helped by recent presentations to institutions and a technical squeeze. The shares jumped 14 to 483p.

There was further speculation over the 10.2 per cent stake in Sears held by the Al-Fayed brothers, owners of the House of Fraser group. The market has been rife with rumours for a number of weeks that some brokers have been testing the water in readiness should the brothers decide to sell. However, analysts continued to point out that the fact that the Fayed's bought into the stores group at around 145p suggested a large-scale placing was unlikely given Sears current share price. The shares closed steady at 102p yesterday.

Elsewhere in an otherwise quiet stores sector, Kingfisher again improved following results last week, and helped yesterday by a NatWest Securities buy note. The shares added 4½ to 565p. Marks and Spencer held steady at 339p. Kleinwort Benson upgraded the high street retailer, moving from £720m to £730m for this year and by £30m to £800m the year after.

Speculative buying of Dalepak Food saw the shares rebound after their collapse last week. They closed 21 ahead at 233p. Following the company's latest profits warning last week, and the subsequent dramatic plunge in the share price, there were suggestions that the company may be susceptible to bid interest. Dealers mentioned Cargill and ConAgra, two US agricultural businesses, as potential predators.

Publishing and leisure conglomerate Pearson was the best performer in the Footsie as its annual results were well received by the market. The group, which owns the *Financial Times*, announced 1992 profits of £150.8m and a rise in the dividend. Pearson shares advance 27 to 404p with 3.3m traded.

Among transport stocks, a further advance in Eurotunnel, which said a tribunal had ruled in its favour over many of the issues in its dispute with tunnel builder TML, was checked by talk of a rights issue. The shares firmed only 2 to 492p. A buy recommendation from Goldman Sachs boosted Tomkins, the shares closing 7 better at 251p.

Profit-taking along with an element of caution weakened Inchcape as it reported favourable figures, leaving the shares 4 lighter at 597p.

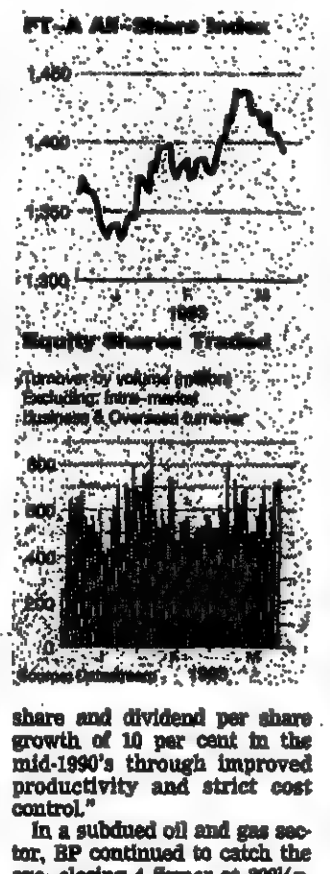
The return of bid speculation helped Lucas Industries firm 2 to 139p, after it reported figures in line with expectations albeit at a dull results meeting.

The new five-year deal between the electricity generators and the regional electricity companies (recs), based on purchases of British Coal over the five-year period, caused little activity in the stock market where shares in the generators were marginally higher on the session and those of the recs no better than mixed. National Power settled 2 higher at 335p, while PowerGen, quoted ex the 7.15p dividend, were little changed on the session. Market activity in both shares – 469,000 in National Power and 1.9 in PowerGen – was well below recent levels, dealers said.

The Scottish generators, now quoted "cum" the final 70p call on the shares showed Scottish Hydro 6 to the good at 346p.

MARKET REPORTERS: Christopher Price, Peter John, Joel Kibazo, Steve Thompson.

■ Other market statistics, Page 28



NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (58).
BANKS (1) Allied Irish, BREWERS (1) Greene King, BLDG MATLS (2) Anglian, Sharpe & Fisher, BUSINESS SERVS (1) Caskel, CHEMS (1) European Colour, CONGLOMERATES (1) Bodycote, ELECTRICALS (4) Mitsubishi, Sony, TDK, Toshiba, ELECTRICITY (1) Scottish Hydro, ELECTRONICS (4) Forward, Gresham Telecomputing, Learmonth & Burchett, Nesco, ENG GEN (1) SEP, FOOD MANUF (2) Avonmore, Greencore, FOOD RETAILING (1) Greggs, HEALTH & HSEHOLD (2) Assoc. Nursing Servs., IWP, HOTELS & LEIS (1) Thorn EMI, INSCE LIFE (1) Irish Life, INV TRUSTS (7) Amicable Smaller Enterprise, EFM Japan, First Ireland, Fleming Japanese, Gartmore American Secs, Zero Pf., Olim Zero Pf., Smaller Co's, MEDIA (3) Avesco, Headline, MAI, MISC (3) Headlam, Nobo, Portmeirion Potts., OIL & GAS (2) British Gas, BP, OTHER FINCL (6) BWD, Burlington, Cater Allen, Daiwa, Edinburgh Fd Mangers, Govett, OTHER INDLS (2) BTR Wts. '94-95, Do Wts. '95-98, PACKG, PAPER & PRINTG (1) Benrose, PROP (2) Daejan, Lon. & Metropolitan, STORES (2) Botterware, OS, TEXTS (1) Hollas, WATER (2) Mid Kent, South Staffs., MINES (4) Inveresk West, Kidston Gold, St Barbara, Vizcaya.
NEW LOWS (11).
BLDG MATLS (1) Chieftain, CONTG & CONSTRCN (1) BB & EA, ELECTRONICS (1) Prestwick, ENG GEN (1) BM, HEALTH & HSEHOLD (5) Glaxo, Lilly (E), SmithKline Beecham, Do Units, Wellcome, INSCE BROKERS (1) Ockel, PROP (1) Herring Baker Harris.

FINANCIAL TIMES EQUITY INDICES

	Mar 29	Mar 26	Mar 25	Mar 24	Mar 23	Year ago	High	Low
Ordinary share	2214.3	2214.8	2221.3	2225.4	2238.2	1918.1	[illegible]	[illegible]
Ord. div. yield	4.45	4.44	4.42	4.40	4.39	4.86	5.34	4.23
Earning yld % full	6.22	6.21	6.19	6.16	6.17	6.76	-	-
P/E ratio net	19.94	19.96	20.04	20.14	[illegible]	[illegible]	22.61	[illegible]
P/E ratio nil	18.53	18.56	18.62	18.71	18.76	17.46	-	-
Gold Mines	108.2	109.4	110.6	104.9	105.7	129.2	[illegible]	[illegible]

*For 1992/93. Ordinary share index since compilation: high [illegible] - low 49.4 [illegible]. Gold Mines Index since compilation: high 734.7 15/2/83 - low 43.5 [illegible]. Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2202.8	2212.3	2212.7	2212.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Volume	Mar 29	Mar 26	Mar 25	Mar 24	Mar 23	Year ago
SEAQ Bargains	[illegible]	44,858	40,082	36,785	[illegible]	29,298
Equity Turnover (£m)†	-	1570.5	1984.1	1890.8	1346.7	839.9
Equity Bargains†	-	50,580	46,275	43,955	45,730	33,834
Shares traded (ml)†	-	733.9	808.2	728.7	611.4	497.8

† Excluding intra-market business and overseas turnover.

London report and latest Share Index Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

THE derivatives sector suffered one of the most uninspiring sessions this year, with little in the way of economic data to encourage dealing, writes Joel Kibazo.

In futures, the June contract on the FT-SE 100 Index opened at 2,849, and apart from a brief initial retreat moved steadily forward on sporadic buying. It reached the morning's high of 2,867 at around 9.45am.

The early buying soon dried up and the contract declined to test 2,855, seen in more recent weeks as a market support level. It did indeed prove to be a resistance point and the contract traded between that and 2,867 over lunchtime.

The strong opening on Wall Street brought another upward movement in the June contract. But dealers pointed out that most of the move was technical, and there was little in the way of actual buying.

It finished at 2,874, a strong premium to the underlying cash market, with volume a meagre 4,878 lots by the official close.

The traded options were equally dull, turnover reaching only 14,937 contracts. A mere 4,869 lots were dealt in the FT-SE 100 option, and 2,298 in the Euro FT-SE option. Pilkington was the busiest stock option with 1,333 lots dealt after leading independent derivatives dealer Monument was reported to have carried out a large trade. It was followed by Glaxo, Lasmo, J. Sainsbury and Asda.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2846.5 -6.4	3091.6 -7.4	1394.92 -3.21

	Mar 29	Day's change %	Mar 26	Mar 25	Mar 24	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2846.5	-0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	3091.6	-0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-A ALL-SHARE	1394.92	-0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE Actuaries 350 Industry Baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	Change
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-14.7
Health & H	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-36.9
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-3.5
Banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	+2.1

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1992/93 high	low	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER FIXED INTEREST

Notes	Price £	+ or -	1992/93 high	low	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

AMERICANS

	Notes	Price £	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		15⅝xd	-⅛	21¼	14⅞	13,238	2.9
Allegheny & W	♥	570p	—	671p	226p	230.2	3.8
Amdahl		440p	—	1150p	438p	464.1	1.8
Amer Cyanamid		33⅞	—	38⅝	25⅞	3,054	3.4
Amer Express		18⅝xd	-⅞	19½	10⅞	8,903	3.7
Amer T & T		38⅜xd	-⅞	40⅞	29¼	50,510	2.4
Ameritech		51¼	+¼	52¼	32½	22,430	4.9
BankAmerica		33¼xd	-⅞	38¼	19⅛	11,488	2.9
Bankers NY		48½xd	-⅛	51⅜	28⅞	3,882	4.4
Bell Atlantic		35½	—	39⅛	23⅞	15,881	5.1
BellSouth		36¼	-½	38⅞	25	18,140	5.2
Bethlehem Steel	♥	11¼xd	-¼	13¼	5⅜	1,063	—
Bowater		1584pxd	—	1682p	905p	677.8	1.7
CPC		30¼xd	-⅛	34⅞	22⅞	4,881	2.9
Cadiz Land Inc	♥	115p	—	342p	108p	—	—
California Engy		1435p	—	1479p	581p	261.3	—
Chase Manhattan		23⅛xd	-⅛	24½	9⅞	3,553	3.6
Chrysler		25¼xd	-⅞	28⅞	6¼	7,687	1.6
Citicorp		18½xd	-⅜	20⅞	5⅞	7,128	—
Colgate-Palm		44⅜xd	-⅞	48⅞	25¼	7,845	1.9
Cont'l Bank		1837p	+25	1848p	499p	1,858	2.2
Dana		30¼xd	-⅞	34⅞	14⅞	1,410	3.6
Data General		831p	-16	1004p	384p	229.3	—
Decora Inds	♥	145p	—	148p	68p	—	—
Dun & Brad		40	-⅛	42¼	27⅞	7,128	3.9
Eaton		57⅞	-⅛	58⅞	32½	2,801	2.6
Echlin		16⅞xd	+¼	18⅞	7⅞	942.1	2.9
FPL		24⅞xd	-⅛	27⅞	17⅞	4,507	6.9
Ford Motor		35⅛	-⅛	35⅞	15	17,145	2.0
Gen Elect		60⅞xd	-⅛	61¼	38¼	51,482	2.9
General Host	♥	671p	—	723p	360p	—	4.0
Gillette		40⅛xd	-⅛	42⅞	23⅞	8,077	1.2
Hasbro		20⅞	—	23⅞	12⅞	1,815	0.8
Honeywell		22xd	-⅞	24⅞	18	3,024	2.8
Houston Inds		31⅛	-⅛	33⅞	22	4,112	6.5
[illegible]							

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
61 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund America	5	159.2	161.2	169.7	-1.90	0.00
AIB Grofund Equity	5	201.8	204.4	215.3	-1.30	[illegible]
AIB Grofund Euro	5	160.2	[illegible]	171.0	-1.00	0.41
AIB Grofund Ext Inc	3	99.98	101.8	104.9	-1.00	1.77
AIB Grofund Gilt	3	77.78	77.81	[illegible]	[illegible]	[illegible]
AIB Grofund Japan	5	148.1	[illegible]	[illegible]	[illegible]	[illegible]

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corn St, Coventry 0203 553231

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	412.0	413.6	440.4	-1.7	[illegible]
General Acc	5	452.4	454.6	[illegible]	-1.7	[illegible]
UK Growth Acc	6	302.2	[illegible]	[illegible]	-1.8	2.50
UK Growth Inc	6	216.6	219.7	[illegible]	-1.2	[illegible]
Higher Inc Acc	6	550.8	[illegible]	[illegible]	-2.6	4.05
Higher Inc Inc	6	[illegible]	344.6	[illegible]	-1.6	4.05
Gilt/Fxd Int Acc	5½	174.2	174.2	183.9	-0.5	[illegible]
Gilt/Fxd Int Inc	5½	91.32	91.32	[illegible]	[illegible]	[illegible]
Nth America	6	251.6	257.5	274.0	-0.4	0.00
Far East	6	[illegible]	[illegible]	292.7	+1.7	0.30
Europe	6	215.3	[illegible]	[illegible]	+1.1	1.18
Brit Excell	6	62.18	62.18	66.15	-0.39	3.00
Brit Friendly Acc	6	83.15	83.15	[illegible]	-0.5	5.27
Brit Friendly Inc	6	[illegible]	[illegible]	[illegible]	-0.4	5.27
Global Opps	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Britannia Life Unit Managers Ltd (1200)F
50 Bothwell Street, Glasgow G2 6HR 041-222 [illegible]

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	92.61	[illegible]	[illegible]	-0.22	2.39
Do (Accum)	6	101.11	102.17	109.27	[illegible]	[illegible]
Smaller Cos	6	77.30	[illegible]	[illegible]	-0.13	1.81
Do (Accum)	6	[illegible]	[illegible]	91.46	-0.14	1.81
Higher Yield	6	37.32	37.78	[illegible]	-0.17	4.12
Do (Accum)	6	60.92	61.50	[illegible]	[illegible]	4.12
American Gth Inc	6	57.82	57.81	61.53	+0.21	[illegible]
Do (Accum)	6	[illegible]	[illegible]	63.00	+0.21	0.00
European Growth	6	[illegible]	[illegible]	[illegible]	+0.40	1.27
Do (Accum)	6	94.00	94.34	100.90	[illegible]	1.27
Global Bond Inc	6	[illegible]	29.11	[illegible]	[illegible]	[illegible]
Do (Accum)	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Managed P'folio Inc	6	[illegible]	34.07	[illegible]	+0.01	1.37
(Do Accum)	6	34.21	34.30	[illegible]	+0.01	1.37
Pacific Growth Accum	6	[illegible]	[illegible]	[illegible]	+0.40	1.17
Int Spec Opps Accum	6	[illegible]	[illegible]	91.44	[illegible]	1.09

Brown Shipley & Co Ltd (1600)F
9-17 Perrymount Rd Haywards Hth 0444 [illegible]

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	91.18	91.18	97.11	-0.14	2.14
Mngd P'folio Acc	6	172.3	172.5	[illegible]	[illegible]	-
UK General	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
European Inc	6	22.57	22.57	[illegible]	+0.23	[illegible]
European Acc	6	23.31	23.31	25.07	[illegible]	-
Financial	6	116.7	116.7	124.2	[illegible]	[illegible]
Foundation	6	72.69	74.43	79.26	[illegible]	[illegible]
German	6	[illegible]	[illegible]	45.41	[illegible]	[illegible]
Growth Inc	5	27.94	27.94	[illegible]	[illegible]	[illegible]
Growth Acc	5	32.64	[illegible]	34.73	[illegible]	-
High Income	6	[illegible]	[illegible]	75.26	[illegible]	[illegible]
Income	6	123.3	[illegible]	134.6	[illegible]	[illegible]
Intl Income	6	91.92	91.92	97.47	+0.15	[illegible]
Intl Growth	6	32.34	32.54	34.33	[illegible]	[illegible]
Monthly Income	6	[illegible]	70.30	74.87	[illegible]	4.30
North American	6	103.4	104.0	110.7	[illegible]	[illegible]
Orient	6	109.6	109.6	[illegible]	+2.10	-
Recovery	6	35.63	[illegible]	[illegible]	-0.17	[illegible]
Smaller Cos Acc	6	[illegible]	274.3	[illegible]	[illegible]	-
Smaller Cos Inc	5	162.7	[illegible]	171.9	[illegible]	1.36

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilt & Fixed Int	5	128.7	128.7	136.4	-0.3	[illegible]
High Inc Equity	6	148.7	148.6	[illegible]	-0.6	[illegible]
Worldwide Bond	6	[illegible]	[illegible]	274.8	-0.4	[illegible]
American Growth	6	[illegible]	[illegible]	302.7	-1.7	[illegible]
Asian Pacific	6	[illegible]	210.4	[illegible]	-0.4	[illegible]
Assets & Earnings	6	272.7	227.0	241.4	-1.4	[illegible]
Capital Reserve Acc	0	124.8	124.8	124.8	+0.1	[illegible]

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Prolific Life & Pensions Ltd

Stramongate, Kendal, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Adventurous Mngd	168.5	177.2	---	-
Balanced Gwth Mngd	691.8	728.1	(4)	-
Cautious Mngd	129.4	137.7	-0.1	-
Cash Fd	319.3	336.5	---	-
Property Fund	217.1	231.0	---	-
Gilt Fund 20	450.6	479.4	-0.6	-
Equity Fund	781.6	831.5	+0.4	-
Fxd. Int. Fund	421.4	444.1	-1.6	-
International	348.3	370.6	---	-
High Income	614.2	653.5	-0.5	-
Technology	454.3	483.4	+2.3	-
North American	473.9	504.2	+0.3	-
Far East	459.2	488.6	+0.5	-
Special Sits	561.4	596.7	-2.0	-
Extra Inc Fd	330.7	351.9	-0.9	-
American Income	189.9	202.1	-1.1	-
Convertible & Gilt Fd.	160.2	170.6	-0.3	-
European Fund	127.0	135.2	+0.7	-
Pref & Fixed Int	113.1	120.4	+0.2	-
UK Blue Chip	118.4	124.8	-0.3	-
Recovery Fund	121.0	127.8	-0.1	-
Equity Income Dist.	109.6	116.6	-0.1	5.06
Managed Dist	103.7	110.4	-0.1	4.77
High Yield Dist	105.4	111.1	+0.1	7.75
Pension Funds				
Adventurous Mgd Pens Acc	177.3	186.7	+0.1	-
Balncd Gth Mgd Pens Acc	802.0	844.3	-2.0	-
Cautious Mngd Pens Acc	150.1	158.1	-0.1	-
Building Soc. Acc	368.9	388.4	---	-
Property Pens. Acc	296.4	312.0	---	-
Fix. Int. Pens. Acc	672.1	707.5	-1.6	-
Equity Pens. Acc	1027.0	1081.7	-2.9	-
International Pens Acc	326.7	343.9	-0.4	-
High Inc Pens Acc	694.5	731.1	-0.6	-
Tech Pens Acc	321.0	337.9	+2.0	-
N American Pens Acc	365.9	385.2	+0.2	-
Far Eastern Pens Acc.	467.4	492.0	-1.0	-
Special Sits Pens Acc	455.1	479.1	-2.9	-
Extra Income Pens Fd	408.8	430.4	-0.9	-
American Inc Pens	220.7	232.4	-0.5	-

Reliance Mutual

Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd.	169.8	178.7	---	-
Equity Acc Fd	412.1	433.8	-1.4	-
Managed Acc Fd	365.8	385.0	---	-
Prop Fd (1st issue)	-	897.2	---	-
Prop Acc Fd (2nd Iss)	127.8	134.5	---	-
Unit Trust Mn. Fd	177.4	186.8	---	-
RI. Pension Funds				
Deposit Acc	247.8	260.8	+0.2	-
Equity Acc	310.6	326.8	-1.3	-
Fixed Int Acc	254.8	268.2	---	-
Gilt Index Link Acc	193.8	204.0	---	-
Managed Acc	409.3	430.8	---	-

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester

Telephone 0285 640302 Helpline 041-307 6600

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Income Distribution	97.7	102.9	-0.60	-
JRA/M&G Managed	120.5	126.9	---	-
JR/Scottish Amicable Mngd	116.2	122.4	+0.10	-
JR/SJ James's Place Mngd	126.2	132.8	+1.00	-
Deposit	100.7	106.1	+0.10	-
Far East	125.8	132.5	+0.80	-
Gilts	108.9	114.7	-0.30	-
Greater European	115.6	121.7	+0.20	-
North American	135.3	142.5	-1.00	-
UK Equity	121.2	127.6	-0.20	-
Pension Funds				
JRA/M&G Managed cap	118.3	125.6	+0.10	-
JRA/M&G Managed acc	124.1	130.7	+0.10	-
JR/Scottish Amicable Mngd cap	116.4	122.6	+0.10	-
JR/Scottish Amicable Mngd acc	121.2	127.6	+0.10	-
JR/SJ James's Pl Mngd cap	132.7	139.7	+1.00	-
JR/SJ James's Pl Mngd Acc	139.1	146.4	+1.20	-
Deposit cap	100.6	105.9	+0.10	-
Deposit acc	104.6	110.2	+0.10	-
Far East cap	123.3	129.8	+0.70	-
Far East acc	128.3	135.1	+0.80	-
Gilts cap	106.5	112.2	-0.30	-
Gilts acc	110.9	116.8	-0.30	-
Greater European cap	117.2	123.4	+0.30	-
Greater European acc	122.0	128.5	+0.50	-

Scottish Mutual Assurance plc - Contd.

Scottish Provident Institution

6 St Andrews Sq, Edinburgh

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

IRELAND (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Lira tumbles to a historic low

THE LIRA tumbled to a new historic low against the D-Mark yesterday, undermined by the investigations into the alleged criminal connections of Italian politicians, *writes James Blitz.*

The lira fell to a new all-time low of L991.50 against the D-Mark at the start of European trading yesterday, but later recovered ground to close at L987.6, some L11.5 down on the day.

The currency came under heavy selling pressure in the European morning after weekend reports that Italian magistrates had told Mr Giulio Andreotti, the former prime minister, that he was under investigation for possible connections with organised crime.

The inclusion of the highly-respected Mr Andreotti in the investigation of officials appeared to imply that the political crisis in Italy had few bounds. The rise in Italy's projected budget deficit for this year to 167 trillion lire also helped to depress the currency.

Dealers said that the Bank of Italy intervened on currency markets buying the lira as it hit the historic low. Mr Neil MacKinnon, an economist at Citibank in London, said that if the currency crossed L991.50 against the D-Mark again, the next support level would be at L1035.

Far from weakening on the morrow of the second round in France's National Assembly election, the French franc rallied strongly. It closed at FFr3.398 to the D-Mark from a previous close of FFr3.405.

Mr Jeremy Hawkins, senior economic adviser at Bank of America in London, believes that if the franc holds to this level until Thursday, the Bank of France may cut its intervention rate, currently at 12 per cent.

However, he believes the French franc may come under a speculative attack once the new prime minister and government have been named. Several economists pointed out that the franc's rally yesterday was not underpinned by large-scale flows into the currency.

Sterling fell back ¼ pfennig against the D-Mark yesterday, because of renewed speculation in the UK that the government might be forced to bring down interest rates again.

UK building societies have threatened to put up mortgage rates in an attempt to compete with the high rates on the British government's National Savings instruments. The pound closed at DM2.4275.

The dollar continued to look very soft against the D-Mark in spite of a reasonably strong set of US economic indicators, including a rise in February's single homes sales by 4.6 per cent.

The market failed to respond to the indicators, partly because of low volumes and book squaring at the end of the first quarter. However, the dollar is capped by expectations that Friday's non-farm payroll figure will be weak, rising by a modest 80,000 in the view of some dealers.

The dollar closed at DM1.6280, down about ¼ pfennig on the day.

£ IN NEW YORK

Mar 29	Latest	Previous Close
£ Spot	1.4900-1.4910	1.4865 1.4875
1 month	0.36-0.33pm	0.38 0.37pm
3 months	0.99-0.96pm	1.03 1.01pm
12 months	3.19-3.09pm	3.34 3.27pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

*Floating rate. Iran Official rate:296.50 296.30

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 29	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	142.150	138.838	-2.33	3.88	37
Irish Punt	0.809996	0.798089	-1.47	2.18	47
Dutch Guilder	2.20045	2.17913	-0.97	1.66	27
Belgian Franc	40.2802	39.9685	-0.78	1.47	17
D-Mark	1.95294	1.93790	-0.77	1.46	22
Portuguese Escudo	180.624	180.025	-0.33	1.01	2
Danish Krone	7.44934	7.45[illegible]	0.08	0.62	[illegible]
French Franc	6.54883	6.59420	0.68	0.00	-62

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Pesetas per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTIONS ON LONG-TERM FRENCH BOND (MATIF)

	Calls			Puts		
Strike	May	June	September	May	June	September
115	-	2.60	-	0.06	0.24	-
116	-	1.81	2.31	0.190	0.43	0.90
117	0.81	1.15	-	0.43	0.75	-
118	0.33	0.65	1.20	0.94	-	-
119	-	0.29	0.80	-	-	-
Open Int	7,380	190,996	36,748	2,298	131,234	30,620

Estimated volume 36,520 † Total Open Interest 410,906
† All Yield & Open Interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Sterling bullish again

THERE was much better sentiment about another UK base rate cut in the sterling money markets yesterday, following newspaper reports that building societies were threatening to raise their mortgage rates because of the government's National Savings policy, *writes James Blitz.*

Several of Britain's biggest building societies were reported to be angry at the government's issue of a new First Option bond, and at new regulations increasing the amount that could be invested in national savings.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

The building societies have threatened to raise rates to try and staunch the flow of funds into the government's hands. This has prompted speculation that the UK authorities might respond to the situation by lowering base rates again.

Easier conditions in the day-to-day cash market also helped to ease period rates. The Bank of England forecast a very small shortage of £50m at the start of the day, later revised up to £350m. The overnight cost of borrowing sterling in the interbank market was as low as 5 per cent for most of the day.

In these conditions, 3-month sterling cash fell to a close of around 5$\frac{15}{16}$ per cent, having been above 6 per cent for most of the last two weeks. One year money closed down at 5$\frac{11}{16}$ per cent from a previous close of 5$\frac{13}{16}$ per cent on Friday night.

Short-dated futures also rose sharply, with some dealers suggesting that the contracts had been heavily over-sold last week. The March contract closed up 10 basis points on the day at 94.26 and the September contract was up 12 basis points on the day at 94.43. At this level, the market is coming close to pricing another 50 basis points off base rates by the autumn.

In the German money market, futures prices were mostly unchanged as many dealers awaited the outcome of this week's operations by the Bundesbank.

However, call money, which measures the overnight cost of borrowing D-Marks, continued to move sharply lower, following the reduction in 3-day Treasury Bill interest rates last week. Liquidity levels in the market remained comfortable as the end-of-month approached, pushing call money down to around 8.16 per cent from 8.31 per cent on Friday. According to one London-based dealer, the fall in call money should bring down the rate in the Bundesbank's repo this week.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

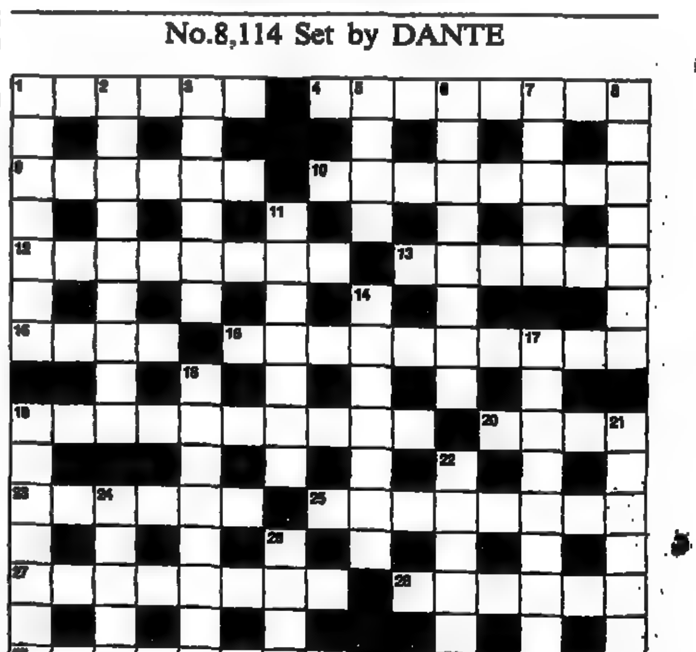
[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.8,114 Set by DANTE



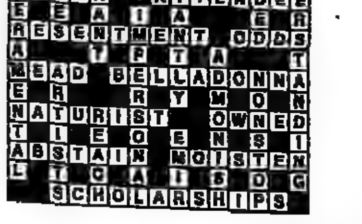
ACROSS

1 People will mind if you dump your kids here (6)
4 Cessation of work means reduction in pay (8)
9 Short story writer to attempt verse (6)
10 Learnt to become easy-going (8)
12 Bet a long leaping stride is natural to it (8)
13 Complaint about Ma's hat (6)
15 Unauthorised retreat (4)
16 Standard answer from your broker? (5,5)
19 Disreputable press cited for contempt (10)
20 It's a rum drink (4)
23 All the difference between life and death? (6)
25 He has good taste to eat these when cooked (8)
27 Fabricate some story to end the argument (4,2,2)
28 Nearest thing to the old USSR in the US (6)
29 Bad news, dear, it must be acknowledged (8)
30 He's lawless – a little grasping also (6)

DOWN

1 Second man fitting in as chief officer (7)
2 Emergency exits for pilots (9)
3 Something in the way of an athlete (6)
5 Something sharp in the chest, maybe? (4)
6 Force applied by a group (8)
7 Partly under water from waves caused by a passing vessel (5)
8 Water at the mouth (7)
11 Grave words for those who are late (7)
14 They are suspended in cold weather (7)
17 Mad, being had (9)
18 Possibly avenge it, possibly not (8)
19 Raising one's hat to a girl presents a problem (7)
21 In and out of work – it's not right (7)
22 Female star all set to do a turn (6)
24 Accepts a new edition of Keats (5)
26 French priest one may go to Lourdes to find (4)

Solution to Puzzle No.8,113



WORLD STOCK MARKETS

[illegible]

CANADA

TORONTO

3:15 pm March 29

[illegible]

MONTREAL

3:15 pm March 29

[illegible]

INDICES

NEW YORK

DOW JONES

[illegible]

STANDARD AND POOR'S

[illegible]

	Mar 19	Mar 12	Mar 5	year ago (approx.)
Dow Industrial Div. Yield	2.95	2.98	2.99	2.80

	Mar 24	Mar 17	Mar 10	year ago (approx.)
S & P Industrial div. yield	2.49	2.49	2.44	2.82
S & P Indl. P/E ratio	26.05	26.13	26.82	28.78

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Eastern Life	6,531,800	34½	— —
Merck	5,407,800	34⅝	- 1⅛
Hton Telecom	4,005,900	37⅞	- 4⅜
RJR Nabisco	3,835,800	7⅞	- ⅛
West Elec	2,833,900	15⅞	- ¼
Philip Morris	2,465,100	61⅞	+ ⅛
IBM	2,398,800	51⅜	+ ⅞
Glaxo	2,037,800	17½	- ⅛
ACE	1,942,000	28⅜	+ ⅛
Life Parts	1,678,400	20⅜	+ ⅛

TRADING ACTIVITY

† Volume Millions	Mar 26	Mar 25	Mar 24
New York SE	219.130	250.020	271.980
Amex	16.315	18.089	14.437
NASDAQ	204.512	219.297	243.327
NYSE			
Issues Traded	2,474	2,485	2,488
Rises	847	1,130	888
Falls	1,002	741	1,004
Unchanged	625	614	596
New Highs	110	102	85
New Lows	14	24	31

CANADA TORONTO

	Mar 26	Mar 25	Mar 24	Mar 23	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2921.27	2938.89	2950.69	2958.58	3238.87 (16/1/92)	2528.81 (17/11/92)
Composite	3598.74	3612.04	3603.70	3558.75	3598.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1829.75	1855.31	1856.82	1855.83	1937.59 (16/1/92)	1683.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

[illegible]

**Saturday March 27: Taiwan Weighted Price: 4,008.65; Korea Comp Ex: 658.48. ♥ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, [illegible], HEX Gen, MIB Gen, CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday March 29, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Isuzu Motor	24.8m	448	+13	Tokyo Gas	10.1m	500	+49
Nikko Kyodo Co	16.8m	693	+85	Tokyu Corp	9.8m	874	+49
NEC Corp	16.0m	911	+17	Toshiba Corp	9.1m	683	+25
Hitachi	12.9m	845	+17	Nippon Juteki	8.8m	357	+42
Mitsubishi Heavy	12.7m	634	+34	Nippon Oil	8.2m	738	+28

3:15 pm March 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992/93 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
16⅞	10¾	AAR Corp	0.48	4.1	21	168	12	11¾	11⅞	-⅛
28½	18	A L Labs A	0.18	0.8	38	271	24	23⅝	23¾	-¼
68¼	52⅝	AMP Inc	1.60	2.7	21	836	60	59⅝	60	+⅛
80¼	54½	AMR			10	5094	64⅞	63¼	64⅝	+1½
2⅜	1⅜	ARX			10	17	1⅞	1⅞	1⅞	-⅛
53½	29⅞	ASA	2.00	5.1	25	350	39⅝	39	39¼	-½
34¼	22⅝	Abbott Lab	0.60	2.4	16	8838	24¾	23⅞	24½	+¾
13⅞	10¼	Abitibi Pr	0.50	4.0	4	100	12½	12½	12½	+⅛
11⅝	10⅛	ACM Gvt In	0.98	8.5		212	11¼	11⅛	11¼	+⅛
10⅜	9	ACM GvOpp	0.79	8.5		105	9⅜	9¼	9¼	
9¾	8½	ACM Gvt Sc x	0.79	8.3		31	9½	9⅜	9½	[illegible]
11⅜	9⅞	ACM Gvt Se x	0.95	8.6		308	11⅛	11	11⅛	
10⅞	8⅝	ACM Man	1.08	10.3		140	10⅝	10½	10½	-⅛
12⅞	8⅝	ACM Managd	0.78	8.4		430	9⅜	9¼	9¼	-⅛
11¾	4¾	Acme Cleve	0.40	5.0	17	25	8	7⅞	8	+⅛
9¼	3¾	Acme Elect			837	75	8½	7⅞	8⅜	+½
33¼	12⅛	Acuson			12	570	13⅛	13	13⅛	
22¼	16⅛	Adams Expr	0.46	2.3	1	145	21⅛	21	21⅛	
52⅞	29½	Ad Micro	3.00	5.9		424	51⅛	50½	51	+¼
24⅝	7½	Ad Micro P	3.00	13.1	8	2339	23⅛	22¾	22⅞	+⅛
9⅛	4⅞	Advest Grp	0.16	2.2	14	55	7⅛	7	7⅛	+¼
48⅜	33	Aegon ADR	1.35	2.8	9	9	48¼	48⅛	48¼	
53¾	38	Aetna Li	2.76	5.9	35	2409	47¼	46⅝	46¾	+⅛
14½	8⅜	Affil A	0.24	1.9	30	1457	12⅝	12	12⅝	+⅛
36⅞	24	Aflac	0.44	1.2	16	1644	35⅞	35⅜	35⅞	+⅛
21⅛	13	Ahmanson	0.88	4.6	9	2308	19⅝	19	19⅛	-⅝
22½	4	Aileen Inc			21	32	6⅛	6⅛	6⅛	
49½	36½	Air Pr Chm	0.86	1.9	17	698	44½	44⅜	44⅜	-¼
29¾	12½	Airbne Frt	0.30	1.3	188	182	22¾	22	22⅝	+⅝
24⅞	11¼	Airgas Inc			33	103	24½	24⅛	24⅛	
14¼	8⅛	Airlease	1.60	11.7	11	84	13¾	13½	13⅝	
104	99	AlaPw8.16	8.16	8.0		4	u104	104	102½	
105½	100¼	Alab 8.28C	8.28	8.0		z100	104½	104½	103¾	-¾
23⅞	14¾	Alaska Air	0.20	1.1	2	774	17⅝	17⅜	17⅝	+⅛
21¼	11¼	Albany Int	0.35	2.1	148	2	16⅝	16⅝	16⅝	-¼
32	21⅛	AlCulvr B	0.26	1.0	19	47	25⅝	25⅛	25⅝	+¼
25¾	19⅝	AlCulvr A	0.26	1.1	17	8	23¼	23¼	23¼	
55¾	38¾	Albertsons	0.64	1.2	29	1779	u56	55	55⅝	+¾
22¾	15¼	Alcan Alum	0.30	1.6	32	1167	19¼	19⅛	19¼	+⅛
45¾	33⅛	Alco Stand	0.96	2.1	18	624	44¾	44½	44¾	+⅛
24⅝	14⅝	AlexBrown	0.50	2.2	8	279	22½	22	22½	+½
28⅞	18	Alexr Alex	1.00	4.0	18	356	25⅛	24¼	24⅞	+⅝
42⅛	27½	Allegh Lud	0.88	2.1	29	687	41⅜	41	41¼	-⅛
51⅞	41½	Allegh Pow	3.24	6.4	13	270	50¼	50	50⅛	+⅛
33¾	22⅞	Allen Gp	1.75	5.2		5	u34	33¾	33⅞	+⅞
33⅛	18⅞	Allen Con	0.24	0.7	20	559	u33¾	33	33⅛	
27¼	20⅞	Allergan	0.40	1.6	14	298	22⅝	21⅞	22⅝	+⅝
23¼	14⅞	Allnce Cap	1.32	6.0	16	463	22⅜	21⅞	22⅛	-½
12½	9¼	Allnce Gl	0.18	1.8		33	10	9⅞	10	+⅛
21¾	16¼	Ald Irish	0.85	4.3	12	35	u22	21¾	22	+⅛
68⅛	40⅞	Alld Sig	1.16	1.7	17	1339	68¼	67⅛	67⅛	-¾
11⅜	9⅞	AlstMunTr	0.78	6.9		156	u11⅜	11¼	11¼	
9⅞	7½	AlstIncOp	0.63	7.3		401	8¾	8½	8⅝	
10½	8⅛	AlstMninc	0.72	7.7		138	9⅝	9⅜	9⅜	
10¼	8⅞	AlstMninc	0.60	5.9		21	10⅛	10	10⅛	
50⅝	34⅞	Alltel Crp	1.00	3.3	20	594	48⅞	48¼	48⅞	
8⅜	5	Alwaste			18	1103	6⅛	5⅞	6⅛	+¼
80⅝	61	Alcoa	1.60	2.4	282	1523	68⅝	67⅜	67¾	-¾
56⅛	25¼	Alza Cp A			35	2031	32⅜	31⅞	32⅜	+1
11¾	10¼	AmGovInc	0.98	8.3		187	u11¾	11⅝	11⅝	-⅛
8½	6½	Am Precis	0.22	3.1	20	13	7	7	7	
23⅜	15	Amax	0.40	2.1	10	828	18⅝	18⅜	18⅝	+⅛
12½	7⅝	Amax Gold	0.08	1.0	45	525	8¾	8⅛	8⅛	-¼
25	11⅝	Amcast Ind	0.48	2.5	13	185	19⅜	19¼	19⅜	+⅛
53¼	36⅝	Amerada Hs	0.60	1.1	588	805	u53⅜	52¼	53	+⅛
10⅞	9⅞	Am Adj R	0.60	5.9		143	10⅛	10	10⅛	+⅛
17¾	11⅛	Am Barrick	0.02	0.1	28	3337	u17⅝	17½	17½	
49⅞	31⅝	Am Brands	1.97	5.9	7	3861	33⅜	33⅛	33½	
21¾	15¼	Am Build M	0.50	2.4	14	3	20⅞	20⅞	20⅞	-⅛
31¼	22¾	Am Bus Pro	0.75	2.8	14	84	28⅞	27	27¼	-1⅛
8⅝	7⅛	Am Cap Inc x	0.77	9.8		124	8	7⅞	7⅞	
21⅞	16¾	Am Cap Sd	0.16	0.8	36	46	21	20⅞	21	+⅛
22	18½	Am Cap CV	1.16	5.3	0	4	21⅞	21⅞	21⅞	+⅛
65⅞	46	Am Cyanamd	1.65	3.3	11	717	50⅞	50½	50⅞	+⅛
38¼	30⅛	Am El Power	2.40	6.5	14	891	u36¾	36⅜	36⅝	+¼
29	20	Am Express	1.00	3.7	32	6880	27¾	27⅛	27⅛	-⅝
32⅞	20⅛	Am Genl Co	1.10	3.4	13	1147	32¼	31⅝	32	-¼
9½	8	Am Govt In	0.77	8.3		145	9⅜	9¼	9⅜	
37	18½	Am Hlth Pr	2.20	8.9	66	137	25	24⅝	24⅝	
34	23	Am Heritge	0.84	2.5	15	14	33⅜	33⅛	33⅜	-⅛
84¼	55½	Am Home Pr	2.84	4.4	17	3080	64⅝	63½	64¼	+⅝
3⅛	1⅞	Am Hotels	0.75	33.3	7	8	2⅛	2¼	2¼	
127⅞	82	Am Int Gr	0.58	0.4	17	1372	127½	126	127¼	+1¾

1992/93 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
13⅛	9¼	Ball Indus	0.40	3.6	281	88	11⅜	11¼	11¼	-⅛
57½	42⅝	BellSouth	2.76	5.0	16	1302	55¾	55	55¾	+1
46⅞	30⅝	Belo AH A	0.56	1.4	20	573	39¾	39¼	39¼	
29⅝	19¾	Bemis	0.50	2.0	22	281	24¾	24¼	24½	+¼
59½	50	Benef 4.3P	4.30	7.4		22	58½	58	58½	
68⅞	56¾	Benef	2.80	4.1	11	85	67⅞	67¼	67¾	+½
23⅛	17¾	Benetton A	0.33	1.8	9	15	19	18½	18½	-¾
14⅞	10⅛	Berry Petr	0.60	4.9	26	408	12⅞	12¼	12¼	-⅛
48½	14⅛	Best Buy			37	219	48¾	46⅛	48¼	
28¾	20¾	Beth St 2.	2.50	9.3		46	27¼	26⅞	26⅞	-⅛
55⅞	40⅝	Bethlhm Pf	5.00	9.4		18	53⅛	53⅛	53⅛	+⅛
20	10	Bethlhm St	0.40	2.3	6	1959	18	17⅜	17¾	+¼
60¼	46¼	Betz Lab			19	208	53	52¾	53	
14¾	7¼	Beverly En			275	535	11⅛	11	11	-⅛
28½	16	Biocraft	0.10	0.5	172	88	19⅝	19	19	-1⅛
27¾	13½	Birmingm S	0.40	1.5	28	536	25⅝	25¼	25⅞	+⅜
26⅞	14⅝	Black & D	0.40	2.2	16	1544	18⅝	18½	18½	-⅛
32¼	23⅞	Black H P	1.28	5.0	14	65	25⅞	25½	25½	-⅜
11⅝	9⅞	BlckrckAdv	0.83	8.0		49	10½	10⅜	10⅜	-⅛
10⅞	8⅞	Blckrckinc	0.85	9.7		1725	8¾	8½	8¾	
11⅞	9¾	BlckrckTgt	0.80	7.8		305	10¼	10⅛	10¼	+⅛
42⅞	30⅛	Block H&R	1.00	2.7	24	2155	37½	37	37⅛	-¼
20⅛	11⅛	Blockbustr	0.08	0.3	25	5917	19⅝	19	19⅝	+⅝
8¼	7⅜	Blue Chip	0.78	9.2		19	u8⅜	8¼	8¼	
12⅛	6½	BMC Ind			7	82	9⅝	9¼	9¾	-⅛
54⅝	33¾	Boeing	1.00	2.8	7	3448	35½	35⅛	35⅜	+⅜
35⅝	18⅜	Boise Casc	0.60	2.4	5	283	25½	25	25⅛	-⅜
6⅞	3⅝	Bolt B & N	0.08	1.3	3	66	5	4¾	4¾	-¼
24⅛	12⅝	Bordn Ch U	1.24	7.8	15	888	16¼	15⅞	16	
34⅞	24⅛	Borden Inc	1.20	4.5	17	2292	26½	26¼	26⅜	-⅛
23⅞	16⅞	Bostn Celt	1.25	7.3	19	16	17¼	17⅛	17⅛	
107	100¼	Bostn Ed 8	8.88	8.7		2	102½	102½	102½	-½
27¼	17⅝	Bowater	1.20	5.2	8	1334	23⅝	23¼	23¼	-½
23⅝	11	Brazil Fnd	0.27	1.7		168	15¾	15⅝	15⅝	-⅛
39⅞	28⅜	BRE Prop	2.40	6.4	10	282	37⅞	37½	37⅝	
67½	41¾	Briggs & S	1.08	2.5	16	202	68¾	65⅞	68½	+1
49	29⅞	Brinkerint			31	1106	42⅛	41⅞	41⅞	-½
90⅛	53	Bristol M	2.88	5.0	19	11333	58⅝	56⅞	58⅛	+⅞
57½	37⅞	Brit Airwy	2.50	5.9	5	139	42⅝	42¼	42⅝	-¼
49½	40⅛	Brit Gas	3.58	7.8	11	42	45⅞	45	45⅞	+⅞
66⅝	41⅝	BP ADR	3.04	5.4	36	3311	56¼	55¾	56⅛	+⅞
32¼	27⅞	BP Prudhoe	2.83	9.0	9	245	31⅝	31⅛	31⅜	
15⅜	7	Brit Steel	0.84	7.4	38	333	12⅜	12½	12⅜	
70⅝	53⅞	Br Telecm	2.43	3.7	14	285	66¼	65⅞	66⅛	+1½
40⅞	28	Brooklyn U	1.98	4.8	18	139	u41⅛	40⅝	41	+½
32⅞	21	Brown Grp	1.60	5.0	119	67	32½	32	32¼	+½
10½	5	Brown&Shp	0.32	3.9	0	6	8¼	8⅛	8¼	
90	72	BrwnFormnB	2.72	3.4	14	65	81¼	80¾	80¾	
28⅝	19⅝	Browning F	0.68	2.5	23	1586	27	26⅝	26¾	+⅛
4	1⅞	BRT			2	32	3⅝	3½	3⅝	
17¾	12⅛	Brunswick	0.44	3.0	34	1178	15	14⅝	14¾	+⅛
19	12⅞	Brush Well	0.20	1.5	20	185	13¾	13¼	13¼	-¼
35½	25⅞	Buckeye Pt	2.80	7.4	12	31	35	34⅞	35	+⅛
17¾	14⅞	Bunker Hl	1.36	8.4	0	43	16⅛	16	16⅛	-⅛
15	11⅝	Burger K I	1.58	10.9	27	38	14½	14⅜	14⅜	-⅛
28	11	Burl Coat			18	383	27⅝	27⅛	27½	+⅛
52¼	33¾	Burl North	1.20	2.4	15	1479	51⅛	49⅝	50⅝	+⅞
47⅝	33	Burln Resc	0.55	1.2	32	1110	47	46⅛	46⅝	-⅛
20½	14¼	Burnham Pc	1.36	6.8	153	464	20	19⅝	20	

- C -

1992/93 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
37½	25¼	CBI Ind	0.48	1.8	15	764	27⅛	26⅝	26⅞	-⅛
220½	132¼	CBS Inc	1.00	0.5	20	329	211½	210½	211⅛	+⅝

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

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NYSE COMPOSITE PRICES

Continued from previous page

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NASDAQ NATIONAL MARKET

3:15 pm March 29

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
AKWBrands	x0.32	16	931	19¼	d18¾	18¾	-¼
ACC Corp	0.12	31	31	16½	15¾	16¼	+½
Acclaim E		29	5582	20⅛	19	19¼	-1⅛
Acme Mtls		29	10	15¾	14¾	15¾	-¾
Acxiom Cp		29	234	17¼	15⅞	16¾	+½
Adaptech		14	4182	25⅝	24¾	25⅛	-¼
ADC Tele		21	117	43¾	42¾	43½	-¾
Addington		132	21	13¾	13¼	13¼	
Adia Serv	0.16	19	13	19¼	17½	19¼	+1¾
Adobe Sys	x0.40	22	2800	45¼	44¼	44¾	-¼
Advance C		11	162	11⅞	10¾	11⅞	+⅞
Adv Logic		35	134	3	2[illegible]	2[illegible]	
Adv Polym		12	189	5⅞	d5⅞	5¾	+¼
AdvTchLab		25	88	18	17¼	17¾	
Advanta	0.20	17	606	36	35½	35⅞	+⅛
Affymax		20	661	17	16	16	
Agency Re		10	190	7⅞	7⅞	7⅞	
AgricoEa	0.10	22	185	5⅛	4⅞	4⅞	-⅛
Akzo ADR	1.70	8	34	41½	41¼	41¼	-¼
Aldus Cp		40	929	19½	18¼	19	+½
Alex Bald	0.88	14	588	24	23	23¾	+½
Allegh &W		16	53	8½	8¼	8¼	
Allen Org	0.48	12	24	31	29½	29¾	
Allen Ph		7	371	9¾	9	9⅞	-⅜
AlldCapll	1.00	16	38	18½	18¼	18½	+¼
Alld Cap	1.32	13	204	15¾	15	15¾	
Aloette C	0.32	13	10	7½	7	7½	
Alta Gold	0.06	1	980	⅞	[illegible]	[illegible]	-[illegible]
Altera Cp		31	4154	18⅛	17⅛	17¾	+½
Am Banker	0.60	10	70	27⅛	26¾	27⅛	-⅛

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AMEX COMPOSITE PRICES

3:15 pm March 29

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AMERICA

Dow finds new support in firmer bonds

Wall Street

A combination of futures-related program trading, end-of-quarter buying, a firmer bond market, and broadly positive economic news lifted US stock prices across the board yesterday morning, *writes Patrick Harverson in New York.*

At midday, the Dow Jones Industrial Average was up 23.77 at 3,463.75. The more broadly based Standard & Poor's 500 was 3.02 higher at 450.80, while the Amex composite was up 0.26 at 419.73, and the Nasdaq composite up 1.68 at 683.22. NYSE trading volume was 90m shares by 12 pm, and rises outnumbered declines by 932 to 682.

The markets opened against a background of mostly positive news. Bond prices, which had tumbled last week on fears of inflation, pushing up long-term market interest rates in the process, staged a modest morning rally. This eased equity investors' fears that bond prices were in free fall.

The day's economic statistics were also supportive of equities. The Commerce Department announced that new single family home sales rose by 4.6 per cent in February, and that personal income rose by 0.2 per cent last month. Although both figures were weaker than market forecasts, the department also reported a stronger-than-expected 0.6 per cent increase in personal consumption for February.

Other factors helping stock prices included some futures-related program buying, and demand from portfolio managers looking to improve the performance of holdings before the end of the first quarter.

Generally, market analysts said yesterday that they expected prices to retain a positive bias for most of the week. Friday will be a pivotal day, however, because of the release of the closely-watched March employment report, which will give an up-to-date view of how the labour market is responding to the growing economy.

Among individual stocks, IBM was in demand, rising $1⅛ to $52½ in volume of almost 1m shares. The buying was seen as a spillover from last Friday, when the stock rose on the confirmation that Mr Louis Gerstner, the former head of RJR Nabisco, had been appointed as IBM's new chairman. RJR Nabisco were also actively traded yesterday, easing $⅛ to $7⅞ as 1.8m shares changed hands.

News Corp held steady at $41⅞ in spite of a downgrade from the sector analyst at the brokerage house, Alex Brown, who was responding to the news that Mr Rupert Murdoch, News Corp's chief executive, had agreed to take over the loss-making New York Post tabloid newspaper.

A stock that was hit by a broker's downgrade was Harley-Davidson, which tumbled $1 to $37⅝ after Salomon Brothers lowered its rating on the motorcycle manufacturer from "buy" to "hold", citing the recent run-up in the share price.

On the Nasdaq market, leading technology issues were mixed. Although Microsoft put on $1 at $87⅝ and Intel $1⅛ at $115⅞, Apple fell $1⅛ to $52.

Canada

TORONTO slipped slightly in early trade, with the forest products and transportation indices bowing under pressure, and stayed weak at noon when the TSE 300 composite index was off 4.57 at 3,595.17.

SOUTH AFRICA

Foreign investors who have provided key support in recent weeks were absent and the overall index fell 51 to 3,506. Industrials shed 52 to 4,427 and golds were 26 lower at 1,127. De Beers, trading ex-dividend, was R3.50 lower at R71.

EUROPE

Frankfurt's volume fails to match share prices

BOURSES were reactive in character, *writes Our Markets Staff.* Frankfurt rose after last week's falls; Paris returned to the upgrade after Wall Street came in higher; and the drop in the lira to a new record low weighed on a lethargic Milan.

FRANKFURT saw higher financials and chemicals, constructions and steels as the DAX index closed 13.63 higher at 1,674.92. However, dealers said that prices were not matched by volume; turnover dropped from DM7.2bn to DM4.7bn.

Financials reflected interest rate hopes again after a fortnight of underperformance, Commerzbank rising DM4.50 to DM297.50. Bayer and Schering led chemicals, the former after relative weakness on Friday as brokers Julius Bär in Frankfurt noted *a developing taste* for cyclicals.

Among steels, Thyssen rose DM3.40 to DM171 on the hope that the current round of price increases might stick. In constructions, Hochtief led with a DM21 rise to DM1,153 as German mortgage banks put out encouraging figures on new housebuilding loan approvals.

Tertiary stocks saw falls in Continental and AEG, the former down DM3.60 to DM214 after the state of Lower Saxony said that it will detail a plan to buy Pirelli's stake in Conti tomorrow – ignoring Pirelli's trumpeted price of DM230 a share – and AEG responded to a negative weekend report. However, Bremer Vulkan rose DM4.10 to DM79 as rumours of a big shipbuilding contract for China were revived.

PARIS was helped in the afternoon by futures-linked buying, particularly by US brokers, and the CAC 40 index closed 8.08 higher at 2,033.86 after an earlier low of 2,013.33, and a high of 2,045.31.

Turnover was FFr3.15bn. Rumours abounded, said *Mr Michael Woodcock, French market analyst* at Nikko Europe. Features included the hotel group, Accor, down FFr29 to FFr688 although it denied talk of a rights issue; a similar tale left Eurotunnel 90 centimes lower at FFr41.25. Conversely, a story that Carnaud Metal Box had sold its MB Caradon stake at FFr200 a share left the former FFr6 higher at FFr213.80.

Elsewhere, Alcatel was FFr9 higher at FFr665 as its cable subsidiary announced a Greek contract. There were buyers around for Eurodisney, FFr2.10 higher at FFr94 as its prospects seemed to improve, and Credit National rose FFr17 to FFr1,330 *as 2 per cent of the equity went* through the market towards the end of the day.

MILAN was paralysed by a work slowdown, traders protesting at an unexpected change in trading procedures as the bourse prepare to expand screen based trading.

The Comit index edged 0.55 higher at 487.07.

Fiat added L150 to L5,850 as rumours of an international disposal continued. Analysts noted that the shares were quoted at L5,890 on SEAQ International, the screen-based trading system for international stocks in London.

Benetton dipped L220 to L15,080: its 12 per cent rise in *1992 net profit came after the market closed.*

ZURICH was lifted by anticipation of this week's corporate results, and the SMI index rose 16.3 to 2,176.3.

Ciba registered rose SFr5 to SFr614 ahead of today's results, *expected to include a healthy* rise in profits. Roche, reporting on Thursday, rose SFr40 to SFr4,104. Adia was not so lucky after last Friday's figures and its warning of a possible loss for 1993; the bearers fell SFr13 to SFr120.

Meanwhile, Leu Holding gained SFr20 to SFr395 and Elektrowatt SFr60 to SFr2,850 on rumours that CS Holding, their parent company, intended to divest its interests. CS Holding, which denied the reports, closed SFr40 higher at SFr2,290.

AMSTERDAM moved Nutricia, the specialist food group, to centre stage *after Friday's* results but the CBS Tendency index was unchanged at 106.40 reflecting the otherwise thin trade.

Nutricia, whose 1992 results were in line with expectations, added Fl 6.50 or 5.4 per cent to Fl 125.50 with investors encouraged by its forecasts for 1993.

Heineken rose Fl 1.20 to Fl 193.50 after a day's high of Fl 194.20, with foreign demand noted after a positive article in Barrons.

KLM dipped 10 cents to Fl 28.10 in response to suggestions yesterday that the resignation of the finance director late on Friday was due to differences of opinion over company strategy.

MADRID closed with the general index 1.14 higher at 239.79 in healthy turnover of Pta21.73bn, dealers saying that the market had reached a key resistance level.

Construction companies were among the day's strongest performers, Cubiertas putting on Pta400, or 7.3 per cent, to Pta5,840 Agroman, Asland and Dragados all rising by more than 3 per cent. Real estate companies were also healthy. Bami and Prima Inmobiliaria each advancing by more than 5 per cent.

OSLO registered a 10-month high, the all-share index edging up 1.25 to 450.77 in active turnover worth NKr373.2m on the expectation of further falls in interest rates.

ISTANBUL scored a 1.9 per cent gain after its six-day holiday, the market index rising 106.51 to 5,764.94.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

March 29 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1146.98	1147.46	1147.89	1148.21	1146.30	1147.06	1147.61	1148.76
FT-SE Eurotrack 200	1213.19	1213.98	1214.29	1211.77	1211.49	1212.10	1213.27	1213.37

	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22
FT-SE Eurotrack 100	1147.31	1133.08	1130.86	1131.55	1129.55
FT-SE Eurotrack 200	1213.80	1200.17	1202.55	1203.95	1204.64

Base value 1000 (26/10/90) High/day: 100 - 1148.87; 200 - 1214.62 Low/day: 100 - 1145.74 200 - 1210.70.

ASIA PACIFIC

Nikkei at high for year as economic outlook improves

Tokyo

A SHIFT in investors' views on the economy triggered active buying, and the Nikkei average gained 1.4 per cent, rising above the 19,000 level for the first time since March 31 last year, *writes Emiko Terazono in Tokyo.*

The 225-issue average rose 259.68 to 19,048.38 after opening at the day's low of 18,829.55 and rising to the session's high of 19,136.39 during the last half-hour of trading.

Foreign investors and dealers were leading buyers, while most institutions remained on the sidelines.

Volume totalled 650m shares, against 802m. Advances overwhelmed losses by 913 to 175, with 78 issues unchanged.

The Topix index of all first section stocks surged 26.82 to 1,455.02, and in London the ISE/Nikkei 50 index finished 4.29 firmer at 1,164.48.

In spite of the jump in prices, traders were sceptical about the sharp gains in some sectors. The market faces a shortage of sellers at present, because investors need to register their stocks ahead of dividend payments: analysts said dealers have taken the opportunity to buy up shares.

Mr Jason James, a strategist at James Capel, said: "The obvious target is the 19,300 level, but the rise seems to be overdone."

"*There seems to be a concerted effort to boost optimism,*" said one trader, referring to local media reports listing recent positive economic data. Rising speculation about a larger than expected economic stimulus package also lifted sentiment.

The increase in speculative trading lifted Aids-related issues. Tsumura rose by its daily limit of Y200 to Y1,230 on reports of a new anti-Aids discovery. Green Cross, a speculative favourite, put on Y20 at Y1,310.

Gas and electric utilities, which have high dividend ratios, were the day's top performers. Gas utilities gained 10 per cent, led by Tokyo Gas, up Y49 at Y500, while electric power shares rose 6.6 per cent, Tokyo Electric Power ending Y370 higher at Y3,290.

Iseki, a farm machinery maker, climbed by its daily limit of Y80 to Y406 on an announcement that the *company will become a component* stock of the Nikkei average, replacing Sanyo-Kokusaku Pulp, which will be delisted following its merger with Jujo Paper that becomes effective this week.

High-technology issues were higher on active buying. Hitachi moved forward Y17 to Y845 and Toshiba advanced Y25 to Y683.

In Osaka, the OSE average rose 381.05 to 20,346.92 in volume of 40.4m shares.

Roundup

PACIFIC Rim markets were mixed, with Taiwan closed for a public holiday.

HONG KONG fell prey to market rumours that China would dump shares of Jardine Matheson and boycott it for important mainland construction projects. Jardine, a key component of the Hang Seng index, ended HK$1.25 lower at HK$47.50, pulling the index *as a whole down* 18.35 to 6,222.90 in turnover of HK$2.96bn, compared with Friday's HK$3.53bn.

The index had recorded modest gains through most of the day amid hopes that the Hong Kong Governor will not submit his democratic reform bill to the legislature for debate at the end of March, which would raise the possibility that Sino-British talks on Hong Kong might resume.

AUSTRALIA took its lead from Tokyo, with a late rally taking the All Ordinaries index 1.1 higher to 1,677.0 in turnover of A$292.8m. Poseidon was 5 cents ahead at A$2.42 and Plutonic Resources 10 cents up at A$2.80.

News Corp declined 6 cents to A$7.36 in volume of 4.3m shares after Mr Rupert Murdoch's agreement to buy the loss-making New York Post.

BHP picked up 4 cents to A$14.88 as it said wage talks with unions would resume tomorrow after the one-day *strike that closed the company's* steel mills yesterday.

SINGAPORE found selective buying support, which took the Straits Times Industrial index 9.86 higher to 1,670.72.

Singapore Bus Service, which announced a one-for-five scrip issue on Friday, topped the gainers, ending 25 cents stronger at S$7.45.

SEOUL was lower for the fifth consecutive session, with vehicle shares the only sector to buck the trend of across-the-board selling. The composite index dipped 3.27 to 653.31.

BANGKOK saw selling of bank, finance, brokerage and property shares which left the SET index down 9.40, or 1.1 per cent, at 858.04, the sixth consecutive daily decline.

KUALA LUMPUR closed higher on renewed speculative and institutional buying and the composite index rose 4.45 to 638.87. MANILA was disrupted by power blackouts, a *computer system which* crashed when a generator broke down, and a mild earthquake. The composite index shed 10.91 to 1,640.10.

BOMBAY fell under selling pressure from investors needing funds to settle tax payments for the 1992/93 fiscal year ending March 31. The BSE index lost 64.52, or 2.8 per cent, to 2,276.90, a broker saying that, apart from tax matters, rights and public issues continued to have an adverse effect.

Hong Kong and Mexico lead the field

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1993	% change sterling † Start of 1993	% change in US $ † Start of 1993
Austria	-2.97	-3.21	-18.61	+3.16	+3.21	+1.65
Belgium	-0.52	+5.06	-7.35	+13.18	+13.39	+11.66
Denmark	-2.27	-3.00	-16.46	+5.51	+7.26	+6.64
Finland	-0.43	+4.10	+25.89	+21.41	+8.83	+7.18
France	+2.92	+2.41	+4.99	+10.66	+11.81	+10.20
Germany	-2.07	-1.14	-5.78	-8.62	+6.55	+7.89
Ireland	+0.79	+13.70	+8.24	+24.58	+16.08	+14.30
Italy	-1.25	-5.33	+8.43	+12.47	+5.77	+4.16
Netherlands	-0.98	+2.91	+8.10	+10.41	+11.29	+8.60
Norway	+0.93	+11.69	-1.35	+13.81	+15.20	+13.45
Spain	+0.86	+1.46	-5.42	+12.00	+11.68	+8.99
Sweden	-1.42	-1.52	+8.56	+4.51	-2.71	-4.19
Switzerland	-0.68	+3.00	+16.78	+4.96	+3.53	+1.96
UK	-1.73	-0.26	+18.71	+1.24	-1.24	-0.30
EUROPE	-0.86	+0.46	+8.36	+5.94	+5.58	+3.96
Australia	-0.27	+4.15	+4.92	+7.96	+13.03	+11.31
Hong Kong	+4.26	-0.88	+21.26	+14.56	+16.49	+14.72
Japan	+1.29	+11.07	+0.33	+9.22	+19.01	+17.20
Malaysia	-0.26	-0.36	+14.96	+3.33	+7.82	+5.99
New Zealand	-1.28	+1.87	+10.97	+4.31	+8.98	+8.30
Singapore	-0.29	-1.23	+6.04	+3.22	+4.52	+2.93
Canada	-0.37	+3.54	+0.39	+6.51	+9.47	+7.81
USA	-0.41	+0.99	+9.77	+2.69	+4.27	+2.69
Mexico	+3.97	+14.58	-7.81	-2.54	-0.59	-2.10
South Africa	+1.30	+5.24	-1.94	+10.84	+19.57	+17.74
WORLD INDEX	+0.05	+3.61	+6.38	+5.60	+8.83	+7.18

† Based on March 26th 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and NatWest Securities Limited.

By William Cochrane

JAPAN'S equity market slowed its rise last week and this, with both the US and Europe in negative territory, was barely enough to lift the FT-Actuaries World Index to a token gain in local currency terms.

The top performers were Hong Kong and Mexico. Of Hong Kong, Mr Hugh Peyman of Kleinwort Benson is not bullish, in spite of last week's uptick on more conciliatory noises from Chinese officials.

"No quick solution is yet in sight," says Mr Peyman, "and the best guess remains that no accommodation will be reached until late second quarter at the earliest. By then another dark cloud will be *looming... in the shape of the* overheating Chinese economy that will have to be brought under control with some brutish instruments that will send shudders through the economy."

Mexico resumed its recovery. Latin American Securities says that lower interest rates and improved sentiment on the North American Free Trade Agreement, prompted by positive declarations from Mr Richard Gephardt, the US house majority leader who had been generally perceived as opposing the agreement, seem to have sparked off an intensification in the buying plans of some investors.

In Europe, politics moved German and French sentiment in opposite directions. Like Austria, the week's worst performer, Germany suffered on Monday and Tuesday from the previous week's Russian crisis, and a tacit acknowledgement that the market needed a correction left little scope for general recovery.

France waited for last weekend's second round elections to confirm the crushing defeat of the socialists and responded, meanwhile, to stimuli like Thursday's comments by Mr Jacques Chirac, leader of the successful Gaullist RPR party, that economic growth was essential for the country – suggesting to some investors that lower interest rates could be on the way.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY MARCH 26 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY MARCH 25 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	139.27	+0.6	138.49	102.43	118.06	130.68	+0.8	3.78	138.41	139.21	102.67	118.16	129.62	153.68	108.18	143.76
Austria (18)	142.47	+1.9	141.66	104.78	120.77	121.12	+1.6	1.67	139.82	140.53	103.72	119.36	119.25	186.70	131.16	172.96
Belgium (42)	148.77	+0.5	147.93	109.41	126.11	123.64	+0.3	4.93	147.66	148.52	109.52	126.05	123.26	152.27	131.19	137.51
Canada (113)	124.67	-1.0	123.96	91.68	105.67	112.34	-1.0	2.96	125.97	126.71	93.44	107.53	113.47	142.12	111.36	126.96
Denmark (33)	196.61	+0.5	195.50	144.60	166.66	167.60	-0.2	1.37	195.66	196.80	145.14	167.03	167.85	273.94	181.70	230.53
Finland (23)	74.61	+1.1	74.19	54.88	63.25	92.77	+1.1	1.37	73.77	74.20	54.73	62.98	91.61	89.80	52.84	77.89
France (98)	162.19	+1.8	161.28	119.28	137.48	141.14	+1.2	3.12	159.29	160.22	118.15	135.97	139.42	168.75	136.93	152.86
Germany (62)	112.25	+1.0	111.61	82.56	95.15	95.15	+0.3	2.23	111.10	111.75	82.43	94.84	94.84	129.69	101.59	117.82
Hong Kong (55)	254.17	+1.6	252.74	186.93	215.47	252.28	+1.8	3.68	250.09	251.55	185.51	213.51	248.25	262.28	176.36	208.43
Ireland (16)	155.20	+2.8	154.32	114.14	131.56	146.86	+2.2	3.57	150.93	151.81	111.96	128.85	143.70	173.71	122.98	158.62
Italy (73)	*57.15*	+1.1	56.83	42.03	48.44	67.91	+0.3	2.83	58.54	56.87	41.94	48.26	67.68	80.86	47.47	69.63
Japan (471)	123.09	+1.7	122.40	90.53	104.36	90.53	+0.9	0.92	121.02	121.72	89.77	103.32	89.77	140.95	87.27	105.70
Malaysia (89)	277.11	-0.1	275.55	203.80	234.90	277.43	+0.0	2.41	277.30	278.92	205.69	236.72	277.43	282.42	212.49	240.89
Mexico (18)	1613.29	+2.5	1604.19	1186.52	1367.58	5478.63	+2.4	1.09	1573.49	1582.66	1167.20	1343.25	5351.23	1789.77	1185.84	1758.47
Netherland (24)	165.94	+1.3	165.00	122.04	140.67	138.78	+0.5	4.07	163.85	164.80	121.54	139.88	138.16	169.70	147.88	149.51
New Zealand (13)	46.45	+1.2	46.19	34.16	39.38	46.22	+1.3	4.73	45.92	46.19	34.06	39.20	45.63	48.52	37.39	43.94
Norway (22)	156.23	+1.8	155.35	114.90	132.44	147.16	+1.1	1.79	153.52	154.41	113.88	131.06	145.55	182.85	128.05	170.24
Singapore (38)	219.62	+0.8	218.38	161.52	186.17	166.49	+0.9	1.99	217.81	219.07	161.57	185.93	164.96	229.63	179.65	203.76
South Africa (60)	174.38	-0.2	173.40	128.25	147.82	174.19	-0.1	2.89	174.72	175.74	129.60	149.15	174.33	263.80	134.21	228.00
Spain (46)	128.26	+1.6	127.53	94.33	108.72	113.34	+1.1	5.34	126.20	126.93	93.61	107.73	112.14	161.72	107.10	152.91
Sweden (36)	158.62	+2.5	157.72	116.66	134.46	181.16	+1.0	1.86	154.79	155.69	114.82	132.14	179.37	200.28	149.69	189.15
Switzerland (56)	115.22	+2.0	114.57	84.75	97.69	107.76	+1.1	2.08	112.94	113.60	83.79	96.43	108.57	122.37	95.99	96.99
United Kingdom (226)	171.84	+1.1	170.87	126.37	145.65	170.87	-0.1	4.31	170.01	171.00	126.10	145.12	171.00	200.07	161.86	170.11
USA (522)	182.89	-0.6	181.85	134.51	155.04	182.89	-0.6	2.77	183.95	185.02	136.46	157.04	183.95	186.27	160.92	164.87
Europe (775)	141.39	+1.3	140.60	103.99	119.86	132.27	+0.4	3.51	139.55	140.36	103.51	119.13	131.71	156.88	131.31	141.33
Nordic (114)	148.50	+1.8	147.66	109.21	125.88	148.02	+0.7	1.69	145.86	146.71	108.20	124.52	146.95	188.52	141.24	174.03
Pacific Basin (714)	127.68	+1.6	126.96	93.90	108.23	96.60	+0.9	1.24	125.64	126.37	93.20	107.26	95.76	141.97	93.70	110.43
Euro-Pacific (1489)	133.17	+1.5	132.42	97.93	112.88	111.11	+0.7	2.23	131.21	131.98	97.32	112.01	110.36	145.21	113.80	123.08
North America (635)	*179.28*	*-0.6*	178.25	131.86	*151.99*	*178.10*	-0.6	2.78	180.34	181.39	133.79	153.98	179.17	182.38	158.70	162.60
Europe Ex. UK (549)	122.47	+1.5	121.78	90.09	103.84	110.57	+0.8	2.96	120.66	121.37	89.53	103.03	109.73	132.98	111.33	123.39
Pacific Ex. Japan (243)	172.83	+1.0	171.85	127.13	146.52	158.06	+1.0	3.44	171.18	172.18	127.00	146.15	156.43	175.31	146.06	157.06
World Ex. US (1680)	134.23	+1.4	133.47	98.73	113.79	113.16	+0.6	2.25	132.38	133.15	98.20	113.01	112.45	146.91	115.99	125.47
World Ex. UK (1976)	147.49	+0.5	146.66	108.48	125.04	130.97	+0.2	2.26	146.72	147.57	108.84	125.26	130.77	150.58	127.21	134.74
World Ex. So. Af. (2142)	149.57	+0.6	148.72	110.01	126.80	134.18	+0.1	2.46	148.69	149.56	110.31	126.94	134.00	153.05	130.04	137.23
World Ex. Japan (1731)	165.19	+0.2	164.26	121.51	140.06	159.85	-0.1	3.05	164.94	165.90	122.36	140.83	160.07	168.44	151.93	156.03
The World Index (2202)	149.63	+0.6	148.78	110.05	126.85	134.56	+0.1	2.46	148.76	149.63	110.36	127.00	134.38	153.70	130.66	137.81

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Latest prices were unavailable for this edition. Malaysian market closed March 26.